



Draft Annual Report 2017/18

Theewaterskloof Municipality



Contents

CHAPTER 1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	9
COMPONENT A: MAYOR'S FOREWORD.....	9
COMPONENT B: EXECUTIVE SUMMARY	14
1.1 MUNICIPAL MANAGER'S OVERVIEW	14
1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	18
1.3 SERVICE DELIVERY OVERVIEW	33
1.4 FINANCIAL HEALTH OVERVIEW	35
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW	43
1.6 STATUTORY ANNUAL REPORT PROCESS.....	44
CHAPTER 2 – GOVERNANCE	45
2 INTRODUCTION TO GOVERNANCE	45
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	45
2.1 POLITICAL GOVERNANCE.....	45
2.2 ADMINISTRATIVE GOVERNANCE	50
COMPONENT B: INTERGOVERNMENTAL RELATIONS.....	52
2.3 INTERGOVERNMENTAL RELATIONS.....	52
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	54
2.4 COMMUNICATION, PARTICIPATION AND FORUMS	54
2.5 IDP PARTICIPATION AND ALIGNMENT	61
COMPONENT D: CORPORATE GOVERNANCE	62
2.6 RISK MANAGEMENT	62
2.7 ANTI-CORRUPTION AND FRAUD.....	66
2.8 AUDIT COMMITTEE.....	68
2.9 SUPPLY CHAIN MANAGEMENT.....	76
2.10 BY-LAWS	77
2.11 WEBSITE.....	77

2.12	PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	78
CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)		79
COMPONENT A: BASIC SERVICES.....		108
3.1	WATER PROVISION	108
3.2	WASTE WATER (SANITATION) PROVISION	113
3.3	ELECTRICITY	116
3.4	WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTION, WASTE DISPOSAL, CLEANING AND RECYCLING)	119
3.5	HOUSING.....	123
3.6	FREE BASIC SERVICES AND INDIGENT SUPPORT.....	128
COMPONENT B: ROAD TRANSPORT		131
3.7	ROADS.....	131
3.8	TRANSPORT (INCLUDING VEHICLE LICENCING & PUBLIC BUS OPERATION)	135
3.9	WASTE WATER (STORMWATER DRAINAGE)	135
COMPONENT C: PLANNING AND DEVELOPMENT		136
3.10	INTRODUCTION TO PLANNING AND DEVELOPMENT	136
3.11	LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES).....	141
COMPONENT D: COMMUNITY & SOCIAL SERVICES		150
3.12	LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	152
3.13	CEMETORIES AND CREMATORIIUMS.....	154
3.14	CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	156
COMPONENT E: ENVIRONMENTAL PROTECTION.....		156
3.15	POLLUTION CONTROL.....	156
3.16	BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION).....	158
COMPONENT F: HEALTH.....		159
3.17	CLINICS.....	159

3.18	AMBULANCE SERVICES	159
3.19	HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.	159
	COMPONENT G: SECURITY AND SAFETY	159
3.20	TRAFFIC	159
3.21	DISASTER MANAGEMENT	162
	COMPONENT H: SPORT AND RECREATION	164
3.22	SPORT AND RECREATION.....	164
	COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	167
3.23	EXECUTIVE AND COUNCIL	167
3.24	FINANCIAL SERVICES.....	169
3.25	HUMAN RESOURCE SERVICES.....	174
3.26	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	176
3.27	PROPERTY MANAGEMENT	178
	CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE	181
	(PERFORMANCE REPORT PART II).....	181
	COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	182
4.1	EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	182
	COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE	184
4.2	MANAGING THE MUNICIPAL WORKFORCE	184
4.3	INJURIES, SICKNESS AND SUSPENSIONS.....	185
4.4	PERFORMANCE REWARDS.....	188
	COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE	188
4.5	SKILLS DEVELOPMENT AND TRAINING	189
	COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	191
4.6	EMPLOYEE EXPENDITURE	191
	CHAPTER 5 – FINANCIAL PERFORMANCE	193
5.1	INTRODUCTION.....	193

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....	197
5.2 STATEMENTS OF FINANCIAL PERFORMANCE.....	197
5.3 GRANTS.....	200
5.4 ASSET MANAGEMENT	202
5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	206
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	211
5.6 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET	211
5.7 CAPITAL EXPENDITURE	212
5.8 SOURCES OF FINANCE	214
5.9 CAPITAL SPENDING ON 5 LARGEST PROJECTS.....	216
5.10 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	217
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS.....	219
5.11 CASH FLOW.....	220
5.12 BORROWING AND INVESTMENTS	221
5.13 PUBLIC PRIVATE PARTNERSHIPS.....	224
COMPONENT D: OTHER FINANCIAL MATTERS.....	224
5.14 SUPPLY CHAIN MANAGEMENT.....	224
5.15 GRAP COMPLIANCE	224
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	225
AUDITOR GENERAL REPORTS YEAR -2016/17 (PREVIOUS YEAR)	225
REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE THEEWATERSKLOOF MUNICIPALITY.....	225
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS	225
OPINION.....	225
BASIS FOR OPINION.....	225
EMPHASIS OF MATTERS	225
RESTATEMENT OF CORRESPONDING FIGURES	226
MATERIAL IMPAIRMENTS.....	226

OTHER MATTERS	226
UNAUDITED SUPPLEMENTARY SCHEDULES	226
UNAUDITED DISCLOSURE NOTES	226
RESPONSIBILITIES OF THE ACCOUNTING OFFICER.....	226
AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS.....	227
REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT	227
INTRODUCTION AND SCOPE.....	227
OTHER MATTER	228
REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION.....	228
INTRODUCTION AND SCOPE.....	228
OTHER INFORMATION	228
INTERNAL CONTROL DEFICIENCIES.....	229
ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT	230
FINANCIAL STATEMENTS.....	230
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	230
REPORT OF THE AUDITOR-GENERAL TO WESTERN CAPE PROVINCIAL PARLIAMENT AND COUNCIL ON THEEWATERSKLOOF MUNICIPALITY 2017/18 (CURRENT YEAR)	231
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS	231
OPINION	231
BASIS FOR OPINION	231
EMPHASIS OF MATTER	231
RESTATEMENT OF CORRESPONDING FIGURES	232
MATERIAL IMPAIRMENTS	232
UNDERSPENDING OF CAPITAL BUDGET	232
MATTERS IMPORTANT TO THE USERS OF THE FINANCIAL STATEMENTS	232
OTHER MATTERS.....	232
UNAUDITED SUPPLEMENTARY SCHEDULES	233
UNAUDITED DISCLOSURE NOTES	233

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS	233
AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS	233
REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT	234
INTRODUCTION AND SCOPE	234
OTHER MATTERS	234
ACHIEVEMENT OF PLANNED TARGETS.....	235
ADJUSTMENT OF MATERIAL MISSTATEMENTS.....	235
REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION	236
INTRODUCTION AND SCOPE	236
PROCUREMENT AND CONTRACT MANAGEMENT	236
OTHER INFORMATION	236
INTERNAL CONTROL DEFICIENCIES.....	236
LEADERSHIP.....	237
OVERSIGHT RESPONSIBILITY	237
FINANCIAL AND PERFORMANCE MANAGEMENT	237
COMPLIANCE MONITORING	237
OTHER REPORTS.....	237
ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT	238
FINANCIAL STATEMENTS.....	238
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE	238
COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:.....	246
GLOSSARY	247
APPENDICES.....	249
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE.....	249
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	251
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE.....	253
APPENDIX D – FUNCTIONS OF MUNICIPALITY.....	254

APPENDIX E – WARD REPORTING.....	255
APPENDIX F – WARD INFORMATION.....	259
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0.....	260
APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS.....	262
APPENDIX I – MUNICIPAL ENTITY / SERVICE PROVIDER PERFORMANCE SCHEDULE.....	264
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS.....	265
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	267
APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE	267
APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE.....	268
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG.....	269
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	270
APPENDIX M (I): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	272
APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	273
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0	274
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0.....	276
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	278
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION.....	279
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	280
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	281
VOLUME II: AUDITED ANNUAL FINANCIAL STATEMENTS	282

Chapter 1 Mayor's Foreword and Executive Summary

COMPONENT A: MAYOR'S FOREWORD



a. Vision

With varying levels of success the municipality worked towards achieving its vision, mission and goals.

"A Theewaterskloof where all of its people and key stakeholders are working together in establishing and developing a sustainable environment within which all of its people can live in peace, harmony and dignity and an economy able to create working and wealth opportunities for all."

The intension of the vision is to guide processes that will result in a mission "to create and sustain an environment which shall enhance the socio- economic development capacity and impact of the Theewaterskloof Municipality in accordance with the Vision as stated in the Vision."

The 2030 vision is: In 2030 Theewaterskloof will be a desirable place to live, work and visit; a high quality sustainable country environment; and a connected and creative community.

b. Game changers to achieve the vision

To achieve the vision the new council and the municipal administration had to find solutions for several game changing challenges and or matters. The objectives of the game changes were to turn TWK municipality into a developmentally focussed and functioning municipality; dealing with the challenges caused by communities; dealing with the impact of migration; getting all people to work together; securing the sustainability of the municipality; and establish stability in communities, municipal and economic development and growth.

Specific attention was given to creating conditions that will enable communities to live in dignity; harmony in the diverse community; conditions that will allow people to live in peace; and narrowing the gap between stakeholder expectations and the municipal institutional capacity to meet the expectations or to manage it down through effective stakeholder management. A rapidly changing environment in which the municipality had to conduct its businesses impacted adversely on the achieving of the following game changers:

1. Financial, infrastructure and service delivery sustainability.
2. Fast-tracking and supporting of municipal, community and economic growth and development.
3. Enabling safe and peaceful environments.
4. Political stability in times where the country is in a constant election mode.
5. Stable municipal administration.
6. Manage migration and resulting challenges.
7. Down manage the gap between municipal capacities and public expectations.
8. Fast track community, municipal and economic growth and development.

c. How to achieve the game changes

To achieve the game changes and the vision of institutional, community and local economic growth and development, the current Council decided at a strategic session, held shortly after the 2014 elections, to restructure the organisation so that the municipality can become developmental and capable of igniting community and local economic development and growth.

In the 2016/2017-year, Council adopted a restructuring model and commenced with implementing it. The intervention was to be concluded in the 2017/2018 year.

This did not happen due to serious external influences that the municipality could not foresee or plan for and which absorbed the administrative capacities and energies:

- Land grabs which lead to an escalation of informal settlement areas and an increase of these areas to 24.
- Complying the municipal financial management system with mSCOA.
- Ever escalating levels of migration of people to TWK
- The broadening ratio between rich and poor.
- Worsening institutional capacity shortages in Grabouw and Villiersdorp.
- Massive increase in theft and vandalism of municipal assets.
- Shrinkage in income sources and subsequent income.
- Vacancies in top management and the position of the municipal manager.

d. Key Strategic Objectives

Refer to the challenges and matters mentioned in game changers to achieve the vision. The overall strategic objective is to succeed with the eleven elements of development and growth.

e. Key Strategic Outcomes

- Sustainable municipality.
- Developing and growing communities.
- Functional stakeholder relations and participation in a model of participative local governance.
- An environment conducive for growth and development.
- An environment of political stability and maturity.
- An effective municipal administration that provides excellent services in a milieu of growth, development and financial sustainability.
- Growing infrastructure that supports community and local economic growth and development.
- Synergy between municipal abilities and public expectations.

f. Key Policy Developments

During the report year the municipality adjusted existing policies and developed others to comply with various pieces of legislation and to ensure good municipal governance in Theewaterskloof. The Municipal Corporate Governance of ICT Policy and Risk management policy was approved.

The policies that were amended include the:

- Events policy
- Rates Policy
- Review and approval of the Risk Management Strategy, Policy and RMC's charter for 2018/2019

- SCM Policy for the 2017/2018 financial year
- Amendment of the Supply Chain Management infrastructure Procurement and Delivery Management Policy.
- Revised EPWP Policy'

Council also approved the budget for 2018/2019 and the two outer years; whilst it also approved the Delegation Register and the Rates By-Law.

In accordance with notice, number 1057 of the Government Gazette of 16 September 2016, issued by the Director General of the National Department of Water and Sanitation, water restrictions had been implemented in the entire area of Theewaterskloof Municipality; thus forcing Theewaterskloof to implement level 4 water restrictions and drought water tariffs, with effect from 1 November 2016. These restrictions continued right through the 2017/2018 financial year.

g. Key Service Delivery Improvements

Service delivery is largely based on infrastructure and in this regard the municipality had to mitigate several challenges that relates to insufficient bulk services infrastructure. The municipality identified a need to upgrade existing infrastructure which is on the verge of collapsing, to increase the capacities of existing infrastructure and to build new and additional infrastructure. Insufficient funding remains a challenge and the municipality could still not create a reserve funds from which infrastructure can be upgraded and built.

An approach was also adopted to obtain state funding for infrastructure development in areas where people pay taxes and tariffs and in grant-funded areas. These approaches were implemented with various levels of success and in accordance with the infrastructure development plan and register and the budget for the 2016/2017 financial year.

The Capital Budget were primarily spent on maintenance and upgrades of sewerage, refuse, water, electricity, roads and storm water, housing and libraries. Unfortunately the municipality, in this year, suffered from severe incidents of vandalism of infrastructure and the theft of municipal assets. It is my assessment that the communities still do not regard these losses as their losses and that they also do not understand that the cost of theft and vandalism especially affects the poor. Repair and replacements of vandalized assets are not budgeted for and are funded at the expense of other service delivery votes.

The municipality owns pieces of land that is utilized for sport disciplines like rugby, soccer, golf, tennis, squash, pigeon flying and bowling. These facilities are in Caledon, Botrivier, Villiersdorp, Grabouw, Greyton, Genadendal, Riviersonderend, Boschmanskloof, Bereaville and Voorstekraal. In most cases these facilities are maintained by the municipality; whilst it is often upgraded or repaired.

h. Public Participation

The municipality adhered to various pieces of public participation legislation and policies to comply with legal requirements to make development plans and services more relevant to local needs and requirements, to take responsibility for services and to promote community actions and to empower local communities to have better control over their lives and livelihoods.

The municipal approach to public participation allows for compliance with the principles of inclusivity, diversity, building community participation, transparency, integration,

flexibility, accessibility and accountability. This approach is especially relevant in the IDP and Budget drafting processes. This year the normal public participation processes were extended to stakeholder meetings and local economic sector and development budgetary interventions.

The municipal focus on community development and growth includes interventions to broaden democracy by involving communities in third tier governance. The focus ensures that policy frameworks are in place for public participation and that mechanisms exist for the public to participate in local government.

Council upheld and monitored client care and customer relations strategies to create functional relations between the client; and the municipal administration and political authority.

A new strategic approach was developed and adopted to make ward committees more accessible for communities. This approach was developed in articulation with the Western Cape Provincial Government to improve the relevance of ward committees. The crux is to ensure that communication flows from the community to the committees, from the committees to management and council and all the way back to communities.

i. Future Actions

The future of sustainable municipal governance and service delivery in Theewaterskloof hinges on the successful implementation of the restructuring model; mitigating of the eleven key challenges and matters facing the municipality and achieving the anticipated and needed outcomes. In the year under review the municipality's collective focus was diverted to other matters that had a huge impact on day to day tasks. These matters could not have been foreseen or anticipated.

In 2018/2019 interventions that will lead to a completed organisational structure and the implementation of the Community Development Structure which was adopted by Council. The municipality will as always focus on what is needed to ensure long term effective and sustainable governance in Theewaterskloof; i.e. institutional development, community growth and local economic enhancement.

The emphasis on future actions will be to contribute towards the establishment of happy communities who are socially developmental and in partnership with the local government. Interventions will be launched to involve role-players in local governance and to partner with these role-players in the development and growth of Theewaterskloof. All future actions will aim to enhance the socio economic and welfare profiles of communities, local economic growth and development and a developmental third tier government.

Actions will be launched to manage financial sustainability, in migration, collapsing infrastructure, public expectations and communities who are socially and economically challenged. The focus will by and large also be on the stabilization of basic services in the municipality's 24 informal human settlements.

j. Conclusion

Local government is where the people and the leaders of the country meet on ground level; it is also the place where people articulate their most basic needs. In the past year the municipality created good relationships and communication tools with the people of Theewaterskloof. There is understanding for the need to create an environment where the people can live and play with greater freedom. To facilitate this, the municipality adopted, as primary driving forces, the challenge to become developmental as

suggested by the National Development Plan and the Provincial Development Strategies. As the Executive Mayor of Theewaterskloof Municipality I treasure the people of the municipal area who provide us an opportunity to serve them.

I treasure a committed Mayoral Committee, Council and administration.

I praise The Lord for guiding us in a robust municipal environment and for making it possible for us to not only pursue and achieve the improbable but often also the "impossible".

Councillor Christelle Vosloo
Executive Mayor

DRAFT

COMPONENT B: EXECUTIVE SUMMARY**1.1 MUNICIPAL MANAGER'S OVERVIEW**

In 2017/2018 Theewaterskloof municipality, in the delivery of all its functions, complied with the Local Government: Municipal Systems Act 32 of 2000 and the Local Government: Municipal Structures Act 117 of 1998.

The 2017/18 report year was marked by unique challenges that posed threats to sustainable institutional management, service delivery and relations between the municipality and its clients.

The 6 most critical internal and external influences on the municipality were:

- A lack of clarity about the macro structure and a subsequent lack of administrative leadership as the Municipal Manager was only appointed in March 2018 and the Director: Organizational Development remains vacant.
- The absence of a community development unit to operationalize the political sphere's vision that growth and development must occur internally, in communities and in the economy.
- The rapidly deteriorating infrastructure and the lapses in service delivery that results from this.
- The mass migration of people to Theewaterskloof and the subsequent growing needs in the 24 Informal Human Settlement in Theewaterskloof.
- Growing poverty and growth in indigent households.
- Vandalism that spiralled almost out of control.

The focus on day-to-day survival and sustainability matters hampered administration to capitalize on the momentum brought by a change in focus from "turn around" and "good" to developing and "outstanding".

The realities regarding holistic sustainability challenges prevented a significant alignment of the administration with the growth and development vision of the political fraternity and the development of the required micro structure to roll out strategic goals of council.

Alignment of IDP with Council and Public Priorities

The municipality finalized the fourth cycle of the Integrated Development Plan (IDP) which was adopted by the new council for implementation on 1 July 2018.

The IDP reflects the input of communities, role-players and stakeholders, the organizational corporate administration, council, ward committees and town forums. In the planning, drafting and debriefing phases of the IDP the public had ample opportunities to make inputs and to express their desires and needs. Subsequently the IDP and the budgets, to which it is

linked, i.e. 2018/2019 and the two outer years, reflects the needs identified by the broader Theewaterskloof community.

The IDP process complied with high levels of integrity and transparency and the public was throughout alerted to the fact that only a small percentage of their needs would reflect in the said budgets. In the debriefing sessions it was clear that the communities understood the financial constraints of the municipality and that the best intervention, to generate more opportunities, will result from the focus on institutional, community and local economic growth and development.

The debriefing phase showed that the communities and municipality moved closer to each other in terms of needs and capacities. It also indicated acceptable levels of good will between the municipality, communities and stakeholders.

Service delivery and infrastructure

Despite challenges to maintain a good infrastructure integrity, the operational structures of the municipality maintained acceptable levels of service delivery and infrastructure development, upgrading and maintenance. Existing and new infrastructure enabled the municipality to maintain its bulk services capacities. The municipality spent its Municipal Infrastructure Grants sensibly.

Customer care

To extend its services to clients and to become more customer friendly the municipality developed help desks at all the town offices. These desks reflect the idiosyncratic nature of Theewaterskloof municipality, its people and the environment.

In terms of communication with the public the municipality extended its social media footprint. Website, Facebook and sms-communication were integrated with more traditional means of communication such as newsletters and as a result the municipality is in a better position to communicate in the language and idiom of the diverse community.

Financial sustainability

Despite the financial and especially income sustainability challenges and the threats resulting from the unexpected difficulties to make the municipal financial management system, Phoenix, mSCOA compliant the municipality maintained high levels of financial management excellence.

The matter of financial sustainability remains critical as the municipality receives less funding for grant funded areas from national government.

This creates a threat as the indigent population of Theewaterskloof is rapidly increasing as a result of the migration of people from other provinces and regions to Theewaterskloof.

People who move to Theewaterskloof believe that they will find jobs in the Western Cape and when they don't they remain here and become dependent off the free services

provided by the municipality. As a result the ratio between indigent households and clients who pay taxes and tariffs are now 53%: 47%.

Due to the stagnated national economy the municipality should plan for less income from national government and to escalate its own income through holistic local growth and development. This reality instigated the new focus on institutional, community and local economic growth and development and the establishment of partnerships with stakeholders.

Conservation of water and electricity

The municipality has a generic focus on and commitment to the responsible utilization of scarce resources.

Theewaterskloof faced and dealt adequately with one of the fiercest droughts in its history. The water levels of dams and other water resources reduced due to the increased need of the growing population as well as two consecutive dry winters.

In addition to call on the community to save water the municipality declared Level 4 Water Restrictions in an attempt to avoid a water crisis in the two years beyond this report period.

The water threat changed in the late autumn, early winter and also the first two weeks of spring and all dams in municipal area, with the exception of the Theewaterskloof-dam are almost 100% full.

The municipality is a limited distributor of electricity but is aware of the loss of large quantities of electricity due to theft. Illegal electricity connections in informal residential areas and those on land that had been invaded unlawfully is becoming endemic. The municipality believes the electrification of human settlements is the only solution for electricity problems in communities and after the municipality cooperated with ESKOM, the latter adopted an electrification program for Grabouw Informal Settlements.

Future challenges

Looking at the future the municipality identified several key matters to be dealt with in 2018/2019:

- Municipal sustainability regarding finances and continued service delivery.
- Implementing the vision of development and growth with the support of communities and stakeholders.
- Support community growth and development.
- Creating an environment in which people can live in safety and peace.
- Support the development of political stability, especially as the country and Theewaterskloof is in a continuous cycle of national, provincial and municipal elections; as well as by-elections.
- Enhance the stability of the municipal administration.
- Deal effectively with semigration of people from other provinces and districts to Theewaterskloof.
- Enhance financial sustainability and mSCOA compliance.

- Deal effectively with ageing infrastructure as to ensure continued service delivery.
- Down manage the gap between municipal abilities and capacities and public expectations from the authority.
- Fast track holistic community and local economic growth and development.

Final remarks

I thank the Executive Mayor, Alderlady Councillor Christelle Vosloo and her Committee, for supporting administration.

I thank Councils for its input and for the political stability they created.

I thank my management team and their employees who performed a great job under mostly very testing circumstances.

I thank the communities and stakeholders who worked with the municipality to grow and develop the organization; as well as communities and the economy.

I thank our Heavenly Father for his guidance.

Gerrit Matthyse
Municipal Manager
2018/09/05

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Theewaterskloof Municipality in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality

The purpose of the Annual Report is:

- to provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- to provide a report on performance in service delivery and budget implementation for the financial year;
- to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- to reduce the additional reporting requirements that will otherwise arise from Government Departments, monitoring agencies and financial institutions.

1.2.1 INTRODUCTION TO BACKGROUND DATA

The 2017/18 Annual Report reflects on the performance of the Theewaterskloof Municipality for the period of 1 July 2017 to 30 June 2018.

The Annual Report is prepared in terms of Section 121(1) of the municipal Finance Management Act (MFMA), in terms of which the municipality must prepare an Annual Report for each financial year. While the report provides Theewaterskloof's stakeholders and interested parties with comprehensive information about the administration's financial, operational, social and environmental performance for the 12 months under review, it also focuses on progress made against the Integrated Development Plan objectives.

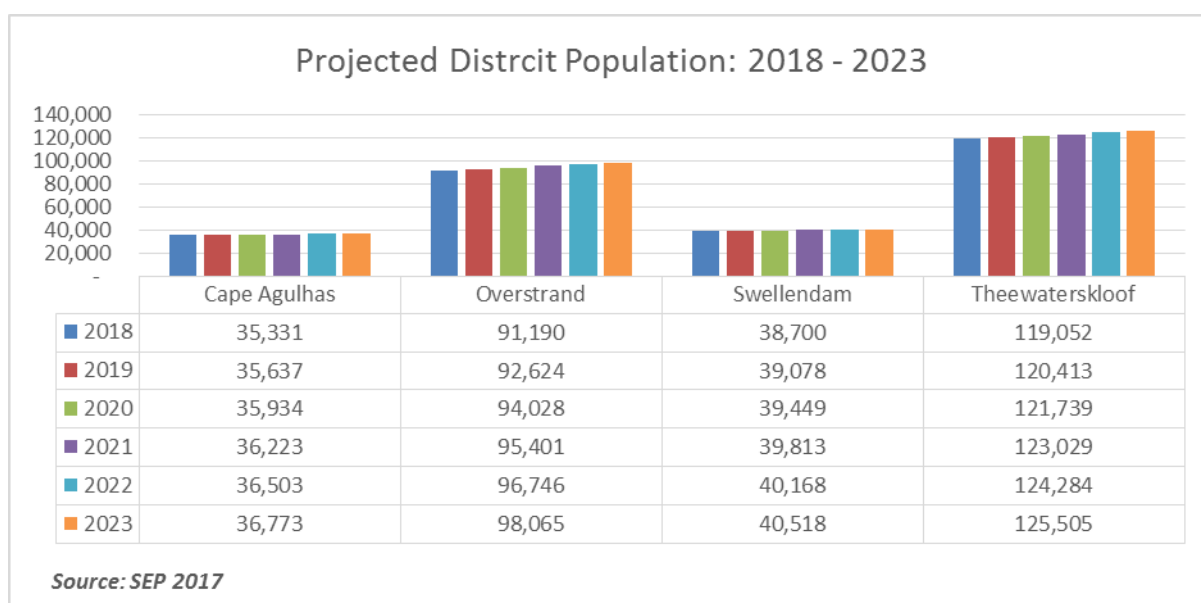
It should be noted that due to the fact that Census are conducted once every 10 years, the document will use various sources to ensure that we have the most updated, reliable and specific data sets for readers. The most common sources of information (used in the annual report) are sources such as Census 2011, Community Survey 2016 and the Social Economic Profile 2017 (SEP 17).

The only data source that provide data at ward level is the 2011 Census, the subsequent Community survey 2016 only provide data at municipal level and in very limited categories provide data at town level.

1.2.2 POPULATION

Most Recent Population Data

According to population estimates by the Department of Social Development, Theewaterskloof population is expected to grow from 119 052 in 2018 to 125 505 in 2023. The total equates to average annual growth of 1.06 percent and a 5.42 percent increase from 2018 base estimate. This is relatively lower than the 1.54 percent annual population growth rate estimate provided by Census 2011



The table above indicates that Theewaterskloof has the largest population in the district equating to 42% of the districts population. According to SEP 2017 data, it is only Overstrand Municipality with a larger growth rate between 2018 and 2023 in the district. Putting this into context, Theewaterskloof's 5.4% projected growth in population equates to only 422 residents less than Overstrand Municipality over a 5 year period who has a projected growth rate of 7.32%.

1.2.2.1 TOTAL POPULATION

Stats SA remains the only recognised organisation/source that supplies population data. Other data sources are used to make projection, cross tabulations and improve planning, however the statistics provided by Stats SA remains the only official set of population data.

MUNICIPALITY	CENSUS 2001	COMMUNITY SURVEY 2007	CENSUS 2011	COMMUNITY SURVEY 2016	% GROWTH
Theewaterskloof	93 276	86 721	108 790	117 167	25.61%

The table above shows that the total population with the Theewaterskloof area grew by 25.61% (23 891) from 2011 to 2016 (5 years).

1.2.2.2 TOTAL POPULATION STATISTICS

The table below depict the 2011 census data in the various categories. Neither the 2016 nor the SEP 2017 provides data in the same format. 2011 Data was therefor used as a basis to do a calculation to illustrate the effect of the growth rate within the various categories post 2011. It should be noted that post 2011 Stats SA only classify four population groups:

- Black
- Coloured
- Indian/Asian
- White

"Other" has been omitted from future census and/or Surveys.

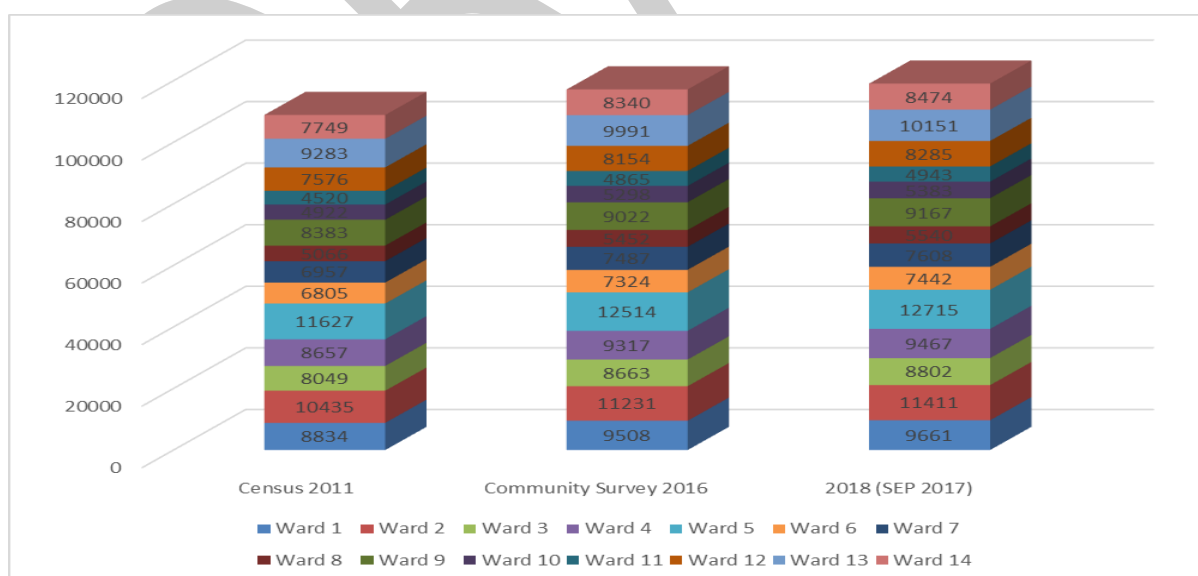
Ward	Black	Coloured	Indian or Asian	White	Other	Grand Total
1	1395	6222	38	1535	65	9256
2	312	7246	41	697	148	8443
3	1402	9277	24	398	74	11174
4	1180	3348	29	2487	59	7102
5	4188	5369	101	1868	101	11627
6	2711	3846	18	85	146	6805
7	1685	5806	28	620	83	8223
8	2603	2450	0	7	6	5066
9	2018	5581	22	373	2	7995
10	1409	3874	10	553	58	5904
11	2072	2814	21	363	23	5293
12	3070	4318	14	161	14	7576
13	4713	8326	42	1025	218	14325
Grand Total	28757	68478	387	10173	995	108790¹

Using a tool provided by Stats SA, we were able to depict the 2011 census data within the 2016 boundaries. Using growth percentage between census 2011, community Survey 2016 and SEP 2017 a calculation could be made to provide comparative figures throughout the years where we have data available.

It should however be noted that this is only for illustrated/comparative purposes and based on the assumption that growth for the total area are equal or similar in the individual wards.

¹ Note that the table above makes reference to 13 wards, Theewaterskloof currently has 14 wards. The 14th ward was added just prior to the 2016 elections. The statistical data for ward 14 does not exist in the 2011 census. On page 20 a tool provided by Stats SA was used to get population figures for Ward 14.

WARDS	TOWNS	CENSUS 2011	COMMUNITY SURVEY 2016	2018 (SEP 2017)
Ward 1	Riviersonderend	8 834	9 508	9 661
Ward 2	Greyton/Genadendal	10 435	11 231	11 411
Ward 3	Caledon	8 049	8 663	8 802
Ward 4	Caledon	8 657	9 317	9 467
Ward 5	Villiersdorp	11 627	12 514	12 715
Ward 6	Villiersdorp	6 805	7 324	7 442
Ward 7	Botrivier	6 957	7 487	7 608
Ward 8	Grabouw	5 066	5 452	5 540
Ward 9	Villiersdorp	8 383	9 022	9 167
Ward 10	Grabouw	4 922	5 298	5 383
Ward 11	Grabouw	4 520	4 865	4 943
Ward 12	Grabouw	7 576	8 154	8 285
Ward 13	Grabouw	9 283	9 991	10 151
Ward 14	Grabouw	7 749	8 340	8 474
TOTALS		108 864	117 167	119 052



1.2.2.3 POPULATION CHARACTERISTICS

Various sources indicate various projected growth rates for the Theewaterskloof area:

Census 2011: 1.54%

Community Survey 2016: 1.52 (2011 – 2016)

SEP 2017: 1.06 (2018 – 2023)

POPULATION GROUP	2001	2011	2016	%GROWTH	% OF 2016 TOTAL POPULATION
African	21 204	28 757	29 005	36.79%	24.76%
Coloured	61 370	68 478	76 374	24.45%	65.18%
Indian/Asian	165	387	578	250.30%	0.49%
White	10 540	10 173	11 210	6.36%	9.57%
Other		995			0
Total Growth %			117 167	25.61%	100.00%
Population Density Per Square Km	35 persons km ²				

The Coloured racial group was the largest group within the municipality in both 2001 (61 370) and 2016 (76 374), showing a 24.45 percent growth rate (2001 – 2016). The Indian/ Asian Population group has the largest growth rate in the municipal area at 250.3%, followed by the African population group at 36.79%. The Indian/Asian Population group remains the minority in the municipal area with only 578 residents or 0.49% of the total population group.

Gender Distribution

GENDER DISTRIBUTION	2001	2011	2016	%Growth
MALE	48 527	55 463	59 270	22%
FEMALE	44 749	53 327	57 898	29%
Males per 100 females				102

Males remain the largest gender group within the municipal area (50.5%) despite females having a larger growth rate over the 15 year period.

Age Distribution and Cohorts

AGE PROFILE	2011	2016	2018
0-14	25%	28%	25%
15-64	69%	68%	68%
65+	6%	5%	7%

Theewaterskloof's age profile remained relatively consistent from 2011 through to 2018. The Statistics show that a large share of the population can be located amongst the younger population or in the working age category.

Dependency Ratio

In Theewaterskloof, this ratio was 44.2 in 2011 and increased to an estimated 46.1 in 2018. This ratio expresses the dependency of people who are part of the workforce (age 15 - 65) and those, who are depending on them (children and seniors). A higher dependency ratio means a higher pressure on social systems and the delivery of basic services.

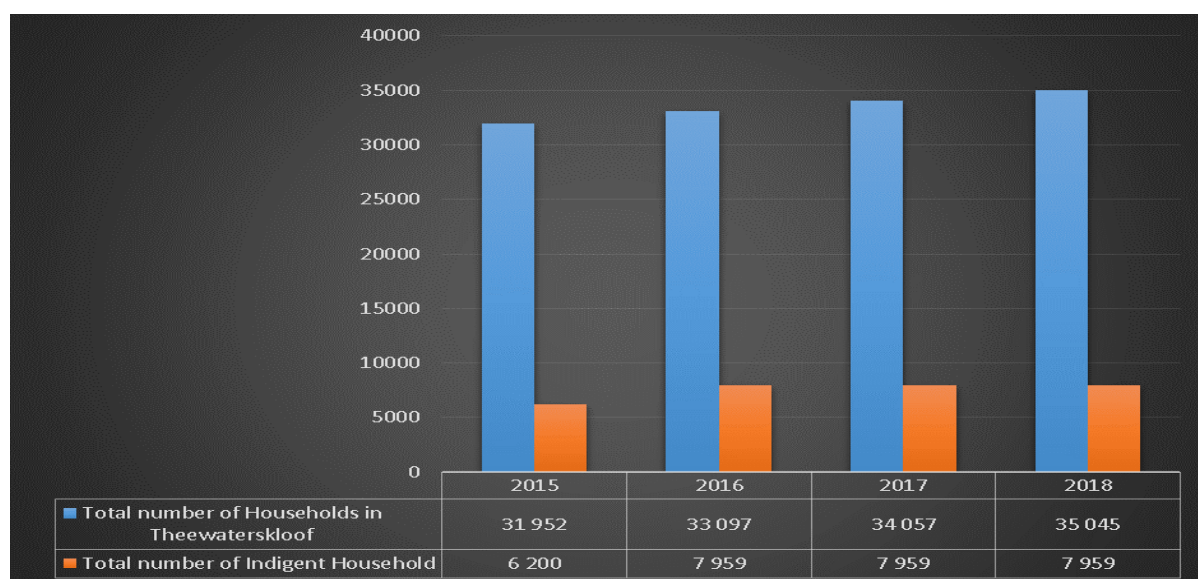
Considering the already diminishing number of paying residents within the Theewaterskloof area coupled within the influx of indigent people into the area, the dependency ratio are worth being noted and proactive mechanisms must be designed to address these issues in order to ensure that the municipality remains financially sustainable.

1.2.3 HOUSEHOLDS

The total number of households within the municipal area increased from 31952 households in 2014/15 financial year to a total of 34045 in 2016/17 financial year.

The table below indicate the number of households as contained in the SEP 2015 and community survey 2016. In order to calculate the number of households for 2017 the projected household growth rate was used.

	2015	2016	2017
Total number of Households in Theewaterskloof	31 952	33 118	34 045
Total number of Indigent Household	6 200	7 959	4 249
Indigent household as percentage as total households	19%	24%	12%



1.2.4 SOCIO ECONOMIC STATUS

In addition to the information already previously displayed the following social economic indicators are deemed important. The socio-economic information for the municipal area is as follows:

SELECTED SOCIO-ECONOMIC INDICATORS IN THE, 2005 - 2016		
Indicator	Overberg	Theewaterskloof
GDPR growth (2005-2015)	3.6%	4.1%
Population 2016	2582	117109
Unemployment	13.50%	11.90%
Population growth (2005-2015)	1.9%	1.8%
Real GDPR per capita (2005-2015)	R 44 040	R 40 237
Gini coefficient (2010-2015)	Increase	Increase
Household expenditure	Services/non-durables	Services/non-durables
HDI (2010 - 2016)	Increase	Increase
No schooling (2016)	7.5%	2.4%
Grade 12 dropout rates (2016)	High	31.7%
Informal dwelling (2016)	15.40%	15.9%

Indigent households (2015-2016)	Increase	Increase
Free basic water (2015-2016)	Increase	Increase
Free basic electricity (2015-2016)	Increase	Increase
Free basic refuse removal (2015-2016)	Increase	Increase
Free basic sanitation (2015-2016)	Increase	Increase
Main causes of death (%)	Diseases of the circulatory system	
Age group with highest death rate	65+	

DRAFT

Theewaterskloof: At a Glance

Demographics

Population estimates, 2018; Actual household, 2016



POPULATION

119 052



HOUSEHOLDS

33 097

Education

2016



Matric pass Rate 92.4%

Learner – Teacher Ratio 44.7

Gr 12 Drop-out Rate 31.7%

Poverty



Gini Coefficient 0.58

Human Development Index 44.7

Health

2016



Primary Health
Care Facilities

16

Immunisation
Rate

65.1%

Maternal Mortality Ratio
(per 100 000 live births)

0.1

Teenage Pregnancies –
Delivery rate to women U18

8.4%

Safety and Security

Percentage change between 2016 and 2017 in number of reported cases per 100 000



Residential
Burglaries

-2.0%

DUI

19.1%

Drug-related
Crimes

-5.7%

Murder

35.3%

Sexual Offences

30.3%

Access to Basic Service Delivery

Percentage of households with access to basic services, 2016



Water

98.4%

Refuse Removal

78.7%



Electricity

90.1%



Sanitation

92.8%



Housing

77.5%

Road Safety

2016

Fatal Crashes

37

Road User Fatalities

49

Labour

2016

Unemployment Rate

11.9%



Socio-economic Risks

Risk 1 Drought

Risk 2 Financial Sustainability (Grant dependency)

Risk 3 Stagnating Economic Growth

Largest 3 Sectors

Contribution to GDP, 2015

Wholesale and retail trade, catering
and accommodation

17.8%

Finance, insurance, real estate and
business services

16.6%

Agriculture, forestry and fishing

14.1%



8 ARV
Treatment
Sites

2 Tertiary
Colleges

1 District
Hospital

5 EMS
Centres

38 Primary
and Secondary
Schools

10 EMS
ambulances

19 Clinics, Satellite
and Mobile Clinics,
Community Day
Centre and similar

1.2.5 OVERVIEW OF TOWNS WITHIN THEEWATERSKLOOF MUNICIPALITY JURISDICTION²

BOTRIVIER



The small village of Botrivier is situated en route to Hermanus and Caledon, at the eastern slopes of the Houw Hoek Mountains. The Botriver hotel is the landmark in the town. The area is known for its vineyards and wine farms, with the well-known Beaumont Farm situated in the town. There is a growing tourism market linked to agri-tourism and wine tasting.

In the Growth Potential of Small Towns Study, Botrivier is classified as an agricultural service centre with medium human needs and low to very low development potential. The Municipality, in its growth study, disagrees and has identified the town as an area with possibilities for light industrial development.



CALEDON

Moving along the N2, 110km east of Cape Town is the town of Caledon. The town owes its situation to the presence of hot water springs which were the catalyst for the initial growth of the town which was later named after its Governor, the Earl of Caledon.

Caledon is a government service centre, as well as a significant agricultural service centre. The Municipal head offices are located in the town along with the regional offices for the Departments of Education, Social Development and Home Affairs.

Caledon is the centre of a broader agricultural region which produces barley, wheat and wool. Overberg-Agri, which provides services and support to the farming sector, has its head office located in Caledon. It is also home to the Southern Associated Maltsters which is the only malt producer for the South African lager beer industry and is the largest in the southern hemisphere.

While tourism in the town is limited, Caledon does have two large tourism attractions: the hot springs and Caledon Casino. The latter is one of five middle-sized casinos in South Africa.

² Information taken from the Community Development Strategy

Most recently Caledon has also seen increase in Wedding Tourism, with two elegant wedding venues establishing in the town.

In the Growth Potential of Small Towns Study, Caledon is classified an agricultural service centre known for its casino and hot springs. It is regarded as a town with low human needs and medium development potential.



GRABOUW

The Grabouw/Elgin district is the first town in the Municipal area when driving from Cape Town along the N2. It borders on the Kogelberg Biosphere reserve and the Hottentots Holland reserve. These provide excellent opportunities for adventure-based sports such as cycling. It has various conservation areas around it. The Eikenhof Dam is in the town.

The town is well known for its apples, open gardens and is increasingly becoming known as a tourist and wine buying region. It has two popular farm stalls that attract passing visitors, Orchards and Peregrine. There are also several farm-based attractions in the surrounding areas. The Elgin tourism association is established and has a recognised brand. It is complemented by the emerging wine industry and established wine guild.

It is the largest apple growing area and produces about 60% of South Africa's export apple crop. It is also the third largest pear growing area. The valley is renowned for cultivating fresh chrysanthemums, roses and proteas. In addition to primary production, the area is also home to several agri-processing firms including Appletiser and Elgin Fruit Juices. It also has an established transport industry, with both Bosman's freight carriers and Gaffleys' busses located in the town.

In the Growth Potential of Small Towns Study, conducted by Van der Merwe in 2004, Grabouw is classified as an agricultural service centre and an apple town. It is regarded as a town with high human needs and medium development potential, using a scale of very low to very high. Residents and the DBSA both disagree with the medium potential ranking and believe the town has high growth potential.

The area has recently received a boost, being one of six pilot sustainable community sites initiated by the DBSA. The Sustainable Development Framework (SDF) for Elgin-Grabouw, developed as part of this initiative, provides a sustainable spatial vision and supporting strategies for the town.

The influx of people into the informal settlements is one of the biggest challenges for the town. The second economy operating in these informal settlement areas is survivalist in nature and often very alienated from the formal sector.



GREYTON

On entering Greyton one is immediately reminded of an Old English Village. This beautiful small town is nestled at the foot of the Riviersonderend Mountains with the Riviersonderend River on its boundary and surrounded by mountains.

It is both a lifestyle and tourism destination, while the surrounding areas are farmlands. The hotels, lodges and B&B's, are all of an exceptionally high standard. Visitors can choose between a stay in the town or on a working farm. All this, together with Greyton's coffee shops, restaurants, art galleries etc., invites you to stay with a difference.

In the Growth Potential of Small Towns Study Greyton is classified as a retirement and holiday home base known for its village character. It is regarded as a town with low human needs and low development potential. Residents and the Municipality disagree with the classification and feel the town has development potential, although within its current spatial limits.



GENADENDAL

Genadendal, or 'Valley of Grace', was established by the Moravian Church in the mid-1700s and is the oldest mission station in South Africa. The economy of the town is dominated by 'development' projects, mostly driven by local development organizations, as well as small-scale agricultural production and subsistence gardening.

Much of the workforce relies on the surrounding fruit farms for employment, which contributes to the seasonality of the local economy. Genadendal is

located alongside Greyton, 32km off the N2 and 140km from Cape Town with the Riviersonderend Mountains to the north.

In the Growth Potential of Small Towns Study Genadendal is described as an historic mission station with residential and tourism opportunities. It is regarded as a town with medium human needs and low development potential.



RIVIERSONDEREND

Riviersonderend is situated on the N2, approximately 160km from Cape Town. Riviersonderend offers beautiful mountain and river scenery, a nine-hole golf course and sightings of South Africa's national bird, the blue crane.

In the Growth Potential of Small Towns Study, Riviersonderend is classified as an agricultural service centre with medium human needs and low to very low development potential.



TESSELAARSDAL

Tesselaarsdal is the ideal getaway in which to experience unpolluted natural beauty and small-town community living at its best. Yes, the gravel road is long and a little inconvenient for urbanites but this is part of the town's tucked away charm. It compels you to slow down and immerse yourself in your surrounds; it certainly helps to authenticate Tesselaarsdal as one of those rare off-the-map experiences. Tesselaarsdal is

a very convenient 21 kilometres from Caledon and has much to offer.

Practically every person, every cottage and even walking, hiking and mountain biking trails have a story.

There are plenty of opportunities to explore the outdoors even until deep in the night where one will discover some of the clearest Milky Way viewings in South Africa.



VILLIERSDORP

Villiersdorp is situated between the N1 and the N2. To the north-west of the town lies Franschhoek, a thriving tourist destination and to the south-east lies Grabouw, the economic hub of the Municipal area. To Villiersdorp's east lies Worcester, the gateway to the northern N1. The town is well known for its major landmark, the Theewaterskloof Dam, and its agricultural activity.

Villiersdorp is part of both the Theewaterskloof Dam and the Elandskloof Dam catchment areas situated behind the Groenland and Hottentots Holland mountain ranges and at the foot of the Blokkop Peak.

In the Growth Potential of Small Towns Study, conducted by Van der Merwe in 2004, Villiersdorp is classified as an agricultural service centre known for its fruit and mountains. It is regarded as a town with high human needs and low development potential, using a scale of very low to very high.

The most well-known landmark in the area is the Theewaterskloof Dam. The Dam is surrounded by District Municipal accommodation, holiday homes, a golf estate and various farms. Visitors to the dam come largely to enjoy various forms of sport – largely boating and golf. Residents complained about the absence of an attractive accessible picnic site and recreational facilities for people without their own equipment.

Agriculture is the primary economic activity. This is reflected in the primary agricultural sector and in the wholesale trade sector where many of the pack houses and the co-op fall. The dominant products are deciduous fruits.

Tourism is characterised by art, sports and business visitors, with Mel Elliot's art studio and gallery attracts steady stream of budding artists to the area.

Villiersdorp has benefited from the VPUU Partnership, whereby community structures and organisations were supported through an intensive leadership and capacity building interventions over the last 3 years. The Partnership contributed to construction of 2 focal facilities, the Resource Centre, with a Youth Café and a Toy Library.

Comprehensive spatial planning exercise has been completed, resulting in Public Investment Framework, which will form part of the local Spatial Development Framework for Villiersdorp.

1.2.6 NATURAL RESOURCES

Natural Resources	
Major Natural Resource	Relevance to Community
Kommieskraal rivier	This is the main water sources for Villiersdorp
Elandskloof	This is the main water sources for Villiersdorp
Tesselaarsdam Mountain Stream	This is the main water sources for Tesselaarsdal
Tesselaarsdam Borehole	This is the main water sources for Tesselaarsdal
Bethoeskloof stream	This is the main water sources for Tesselaarsdal
Voorstekraal Borehole	Additional source for Voorstekraal
Bereaville borehole	Additional source for Bereaville
Riviersonderend Borehole	Additional Source for Riviersonderend
Baronsbos borehole	Additional Source for Caledon
Greyton Nature Reserve in the Mountains of Greyton	Serves as hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants.
Caledon Wild Flower garden and Nature Reserve	Serves as hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants. People can also visit the Botanical Gardens.
Kogelberg Biosphere Reserve	Serves as hiking trails. Great attraction for tourism and hiking. Beautiful scenery and full of indigenous plants.
Theewaterskloof Dam	Sports & Recreation
T1.2.7	

1.3 SERVICE DELIVERY OVERVIEW

1.3.1 SERVICE DELIVERY OVERVIEW

All residents on formal erven in the urban areas of Theewaterskloof Municipality's Management Area have access to water services and free basic water is provided to all indigent households. Households in informal areas are provided with communal services as an intermediary measure. There are only two informal areas in Villiersdorp and Siyanyanzela in Grabouw without any basic water or sanitation services (communal taps and ablution facilities). It is also estimated that there might still be households on the farms in the rural areas with existing service levels below RDP standards, which can only be verified through a detail survey.

The total length of the paved network is 171.9km (166km tar, 5.7km block paving and 0.2km concrete pavements) with an estimated replacement value of R582.7 million. The average condition of the network can be rated as poor, with 29% of the surfacing and 24% of the structure in the poor to very poor category.

Storm water maintenance is done by operations department. Maintenance on storm water is done in warmer months to prevent damage during the rainy season. Storm water networks were upgraded as part of the Roads Upgrading Programme.

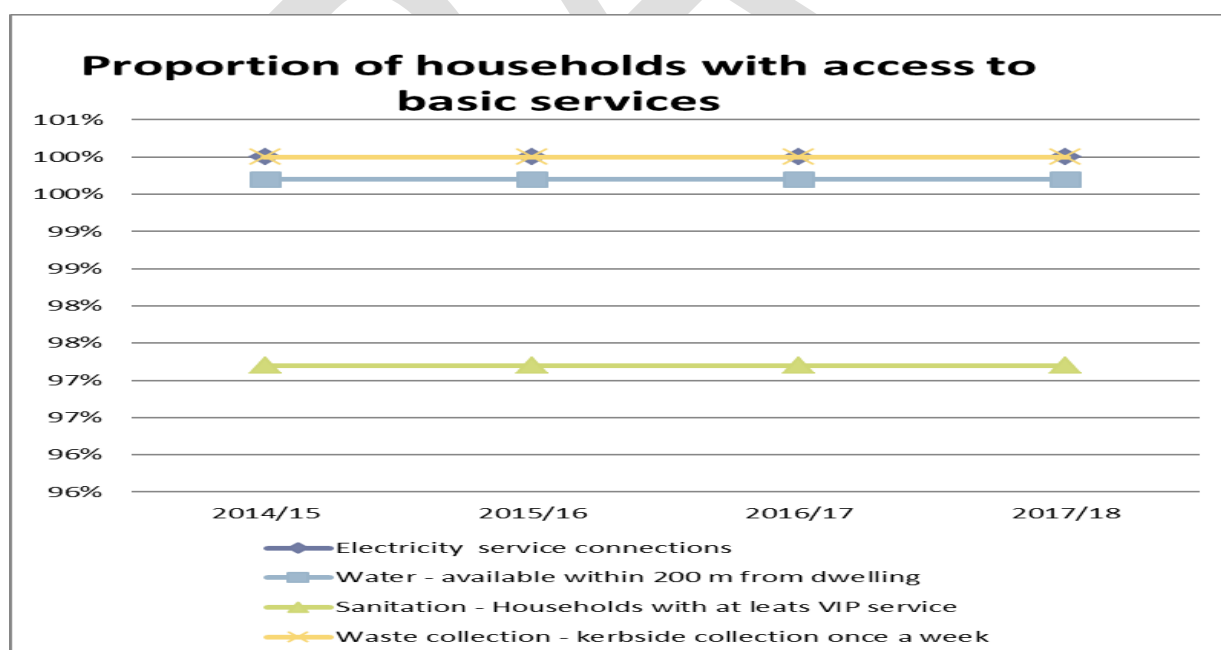
Storm water network comprises of a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions. There are still some areas where there are no formal drainage networks and this causes flooding during winter.

1.3.2 PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



The table and graph below depicts the proportion of households with minimum levels of basic services.

Proportion of Households with minimum level of Basic services				
	2014/15	2015/16	2016/17	2017/18
Electricity service connections	100%	100%	100%	100%
Water - available within 200 m from dwelling	100%	100%	100%	100%
Sanitation - Households with at least VIP service	97%	97%	97%	97%
Waste collection - kerbside collection once a week	100%	100%	100%	100%



1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 FINANCIAL OVERVIEW

Four years ago Theewaterskloof Municipality was identified as the least financially sustainable municipality in the Western Cape. This was confirmed in a report released by Ratings Africa and also by the benchmarking tool developed by Provincial Treasury. In addition, the Auditor-General has also emphasized the financial health challenges in various management reports on the annual financial statements ranging from 2013/14 to 2015/16

During the strategic planning session of the newly elected Council, it was confirmed that financial sustainability remains the biggest challenge and hence the first priority of the Municipality.

The table below indicates the financial viability score of the municipality over the last 5 financial years.

Financial Sustainability Index	2013	2014	2015	2016	2017
Operating performance	12	18	20	17	58
Liquidity management	22	46	41	35	63
Debt governance	49	57	60	68	78
Budget position	33	39	57	54	58
Financial stability	27	41	43	41	64
Affordability	43	45	46	45	45
Infrastructure development	51	40	49	36	38
Sustainability Index score	34	41	45	41	56

***** Last updated December 2017 (Ratings Africa)

The financial viability score has increased significantly from 41 in 2015/16 to 64 in 2016/17. In comparison to the prior year; the net surplus, liability management, liquidity position, the amount of cash and cash equivalents as well as cash flows from operating activities have shown an improvement and had a positive effect on the financial viability rating. The large improvement in the operating performance is mainly contributable to the increase in operating surplus which is a significant component in the evaluation of operating performance. Operating surplus creates the basis for financing of infrastructure and the ability to accumulate reserves. The municipalities ratio of own revenue to total revenue also showed improvement indicating a reduction in the reliance on external funding and grants.

This however does not mean that we are out of danger and continuous strict management decisions must be made to ensure that the ever remaining challenges are being addressed. Most of these challenges existed in previous financial years and was listed in previous annual reports, however due to the nature of these challenges and the environment (government)

we operate in, finding solutions to these challenges and implementing them, takes time, effort and in certain instances additional resources. The most common challenges to the financial sustainability of Theewaterskloof include but is not limited to:

- ✚ Low debtors Collection Levels – Rate consistently below the average norm, 86% over the past seven year
- ✚ Electricity revenue supplies to the minority of towns and industrial consumers. This not only has a negative impact on the direct revenue from electricity sales but also impact negatively on debt collections revenue.
- ✚ Poor liquidity position
- ✚ Exposure to long term liabilities
- ✚ Lack of reserve funds
- ✚ High levels of capital expenditure required
- ✚ Cost of Compliance – e.g. Municipal Standard Chart of Accounts (The mSCOA regulations were gazetted on 22 April 2014, which established the application of the mSCOA in local government as a legislated requirement. mSCOA took effect on 1 July 2017 and will thus impacted on the 2017-18 financial statements. The estimated cost of implementation for Theewaterskloof is in the access of R7m.
- ✚ Range of unfunded and under-funded mandates
- ✚ The migration phenomena, remains one of the largest challenges to the sustainability of the municipality. It is anticipated with national elections looming, this challenge could intensify.
- ✚ Errors in recent census results (contributing to the incorrect division of revenue from the national fiscus) It is estimated that the undercount could be in the region of 20% as the reality indicates that there are more likely to be 140 000 people in the area rather than the 117167 indicated by the Community Survey. Projected Growth percentages are also questionable, ranging from 1.5 to 1.9% from the various sources. One only have to look Grabouw where the influx of people overnight was enough to equal an entire ward.
- ✚ The amount of funds required to keep collapsing infrastructure from becoming collapsed infrastructure
- ✚ Narrow rates base and affordability of the municipal bill
- ✚ Water losses
- ✚ Insufficient provision for assets and or debt impairment

The municipality has gone through great lengths to address the low collection rate. 2013/14 financial year saw the introduction of the Door to Door project, the main objective was to ensure that information contained on the financial system are accurate and reliable, this refers to both debtor data and services data. This project assisted in ensuring that the municipality collect all monies due to it and assisted the debt collection department to perform their function optimally and ultimately increase the collection rate. In addition, the Municipality has also embarked on a process to install smart water meters as a credit control tool especially in the Eskom supply areas. It is however imperative that the Genadendal Transformation issue be resolved as soon as possible to allow for data cleansing, credit control and debt collection to be implemented. Although progress have been made in both previously mentioned interventions, it is paramount that progress are fast tracked to assist the municipality in addressing its financial viability.

TWK is continuing to lobby (through SALGA) for a review of the fiscal model. The municipality is also one of the major role players in the attempts to either take over electricity distribution in its area from ESKOM or alternatively receiving revenue in the form of a surcharge from ESKOM and introducing a Service Delivery Agreement with ESKOM. This will improve revenue and debt collection ratios considerably. The municipality will continue to explore innovative

methods to address its financial sustainability challenge. In addition, the Municipality is also lobbying SALGA to engage with CoGTA to amend section 118 of the Municipal Systems Act to enable municipalities to recover historic debt before a rates clearance certificate is issued.

The establishment of a municipal court to attend to transgressions of municipal by-laws is another initiative that has been undertaken and that will assist the municipality to enforce by-laws. This was once again highlighted as a priority for the 2017/18 financial year.

The newly elected Council has also adopted a developmental approach of which economic development will be crucial to broaden the revenue base, to improve poverty levels and the unemployment rate.

1.4.2 FINANCIAL OVERVIEW 2017/18

Financial Overview -2017/18			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income			
Grants	(191 101)	(211 635)	(148 365)
Taxes, Levies and tariffs	(302 160)	(302 460)	(312 784)
Other	(47 924)	(54 519)	(72 689)
Sub Total	(541 185)	(568 614)	(533 838)
Less Expenditure	498,831	508,561	464,573
Net Total*	(42 355)	(60 052)	(69 265)
<i>* Note: surplus/(deficit)</i>			T1.4.2

1.4.3 COMMENT ON OPERATING RATIOS

Operating Ratios	
Detail	%
Employee Cost	39%
Repairs & Maintenance	4%
Finance Charges & Depreciation	9%
T1.4.3	

The norm for Employee Related Cost to the Total Operating Budget range between 25% and 40% depending on various factors and circumstances. The 37% attained is within the National Norm. This is a decrease of 1% from 2016/17 (38%).

The municipality realizes the importance of expenditure on maintenance to ensure that assets are used optimally throughout their operational life. The municipality has made a conscious decision to increase its expenditure on repairs and maintenance gradually over the next few financial years. Optimally the municipality would eventually want to meet the national norm for expenditure on repairs and maintenance currently at 8%. Repairs and

Maintenance has shown positive movement from 5% in 2015/16 to 6% in 2016/17 illustrating the municipality's willingness to achieve the national benchmark. According to GRAP classification it seems like the municipalities Repairs and Maintenance has decreased in 2017/18 (4%), however when reporting in the mSCOA format the municipality has made huge improvements in its spending on Repairs and Maintenance.

The municipality was always of the view that we are spending much more on Repairs and Maintenance then the required benchmark, previous cost of own employees and certain materials purchased was excluded from this calculation, however with the introduction of mSCOA the municipality can now more accurately extract what it is spending on repairs and maintenance. The Table below gives a more comprehensive look at expenditure on Repairs and Maintenance:

	Actual 17-18
Employee Related Cost	47 595 362
Other expenditure	11 683 313
Other materials	9 448 239
Contracted Services - Maintenance of Buildings and Facilities	4 959 107
Contracted Services - Maintenance of Infrastructure Assets	2 758 534
Contracted Services - Maintenance of Vehicles and Equipment	5 279 785
Contracted Services - Other	1 469 527
Total R&M	83 193 865

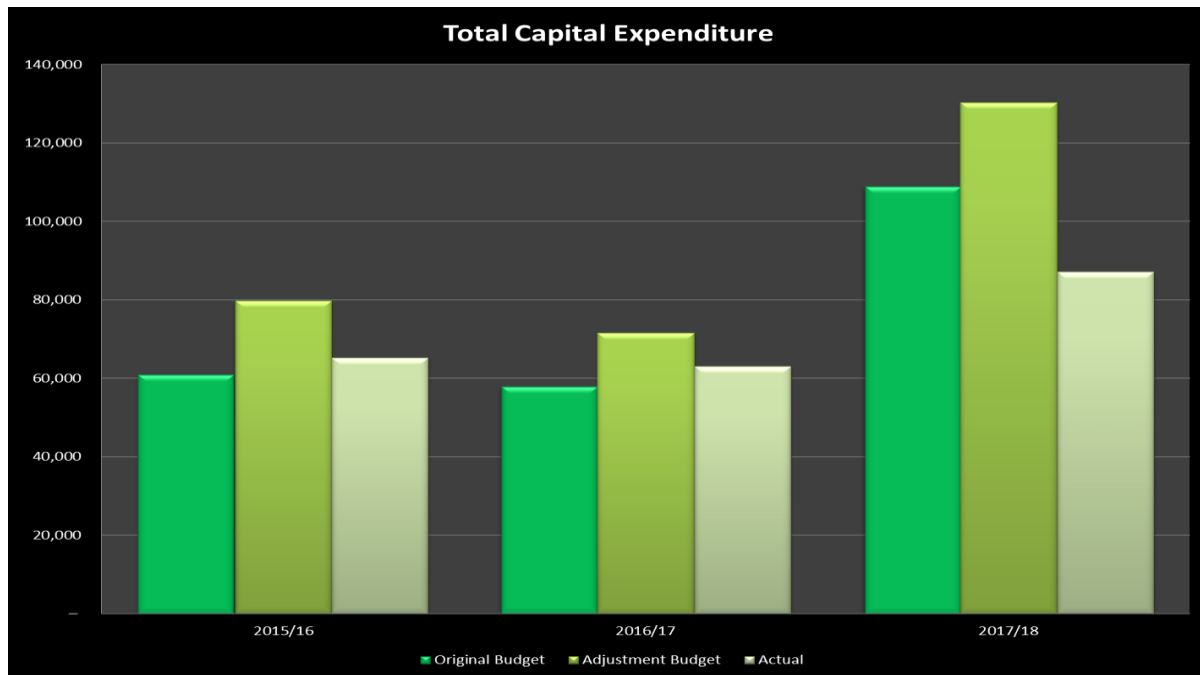
Applying the mSCOA classification the expenditure on Repairs and Maintenance increase to 17% which is well above the national norm of 8%. A too high level of expenditure on repairs and maintenance is also not healthy, is this could be indicative of operation deficiencies as a results of aging infrastructure or assets in poor quality.

In 2012 a decision was taken that no further loans will be taken up. The ratio finance charges and depreciation as a percentage of operating expenditure increased from 9% in 2015/16 to 10% in 2016/17 as a result of depreciation on landfill sites. The municipality has recently realised that it will in all probability need to take up loans if it want to address its backlogs, however as can be seen from the finance charges ratio, it remained relatively consistent from the prior year, as no additional loans was raised in the 2017/18 financial year.

1.4.4 TOTAL CAPITAL EXPENDITURE

Total Capital Expenditure: 2015 to 2018			
			R'000
Detail	2015/16	2016/17	2017/18
Original Budget	60,973	58,031	108,936
Adjustment Budget	79,791	71,646	130,284
Actual	65,231	63,010	87,214
T1.4.4			

1.4.5 CAPITAL EXPENDITURE



1.4.5.1 CAPITAL EXPENDITURE COMMENT

In 2017/18 Theewaterskloof municipality approved a capital budget of R 108, 936m which was adjusted to R 130, 284m.

The Adjustments Budget reaffirms the Municipality's commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan. The capital expenditure budget has been readjusted. Due to various reasons some projects could not be completed in the 2017/18 financial year and funds allocated must be rolled over.

The following additional projects were provided or in the adjustments budgets:

- Caledon Cemetery - R 61,798.
- Grabouw pick up and drop off zone – R 4,470,435.
- Caledon borehole – R 400,000.
- New Steenbras Reservoir – R1, 017,406.
- Water source development Tesselaarsdal - R 384,777.
- Drilling of borehole Villiersdorp -R 400,000.
- Drilling of borehole Riviersonderend - R 87,780.
- Drilling of borehole Genadendal – R 1,912,000.
- Drilling of borehole Greyton – R 139,000.
- Drilling of borehole BereaVille – R 595,000.
- Grabouw Beverly Hills (Waterworks) low cost housing project – R619, 427.
- Refurbishment and upgrading of the existing borehole – R 2,700,000.
- Grabouw high mast lighting- R 300,000.
- Upgrade Waste Water Treatment works – R 1 909 213.
- Grabouw Beverly Hills (Sewerage) low cost housing project – R 363,791.

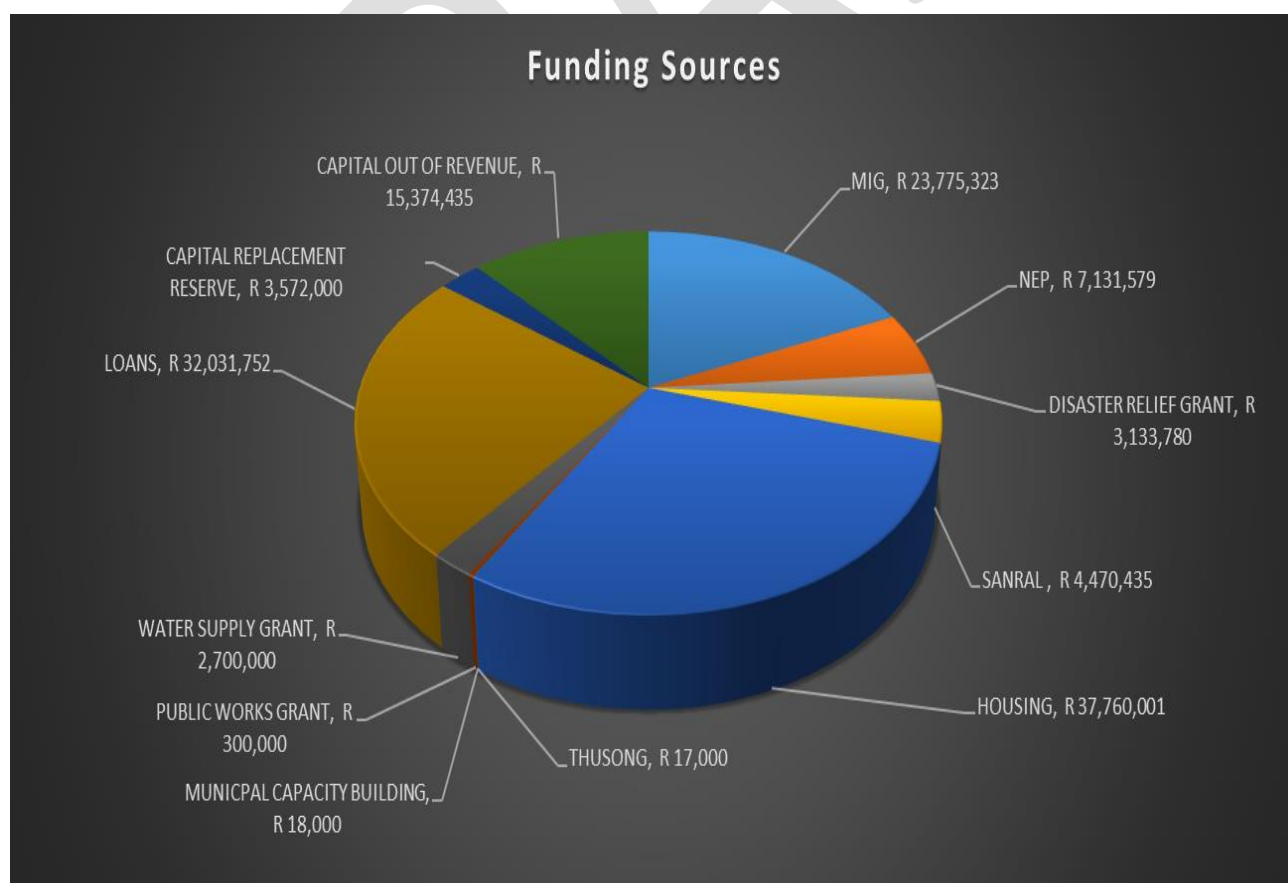
- Waste water Treatment works upgrade – R 1,969,070.
- Waste water Treatment works upgrade – R 830,930.
- Low Cost Housing project: Caledon Site Saviwa – R 287,500.
- Low Cost Housing project Grabouw Rooidakke Extention (Stormwater) – R3, 584,500.
- Low Cost Housing project Grabouw Rooidakke Extention (Roads) – R1, 305,000.
- Low Cost Housing project Grabouw Siyaynzela water – R 675,000.
- Low Cost Housing project Grabouw Siyaynzela sanitation – R 675,000.
- Low Cost Housing project Grabouw Siyaynzela roads – R 675,000.
- Low Cost Housing project Grabouw Siyaynzela Stormwater – R 675,000.
- Low Cost Housing project Grabouw Siyaynzela Stormwater – R 846,000.
- Low Cost Housing project Riviersonderend (Stormwater) – R1, 534,076.
- Low Cost Housing project Greyton Madiba Park Planning (Water) – R86, 500.
- Low Cost Housing project Greyton Madiba Park Planning (Sewer) – R86, 500.
- Low Cost Housing project Genadendal Voorstekraal Planning (Water) – R 110,000.
- Low Cost Housing project Genadendal Voorstekraal Planning (Sewer) – R 110,000.
- Low Cost Housing project Genadendal Xenophobia Planning (Water) – R 250,000.
- Low Cost Housing project Genadendal Xenophobia Planning (Sewer) – R 250,000.
- Waste Drop off – R 82,208.
- New Sport Facility phase 1 – R 203,184.
- Vehicle Tracking System – R 380,000.
- Purchase of digger loader – R 1,100,000.
- Office Equipment – R 1,058,300.

The actual capital expenditure for the year 2017/18 amounted to R87, 143 m, effectively translating into a 67% capital budget spent.

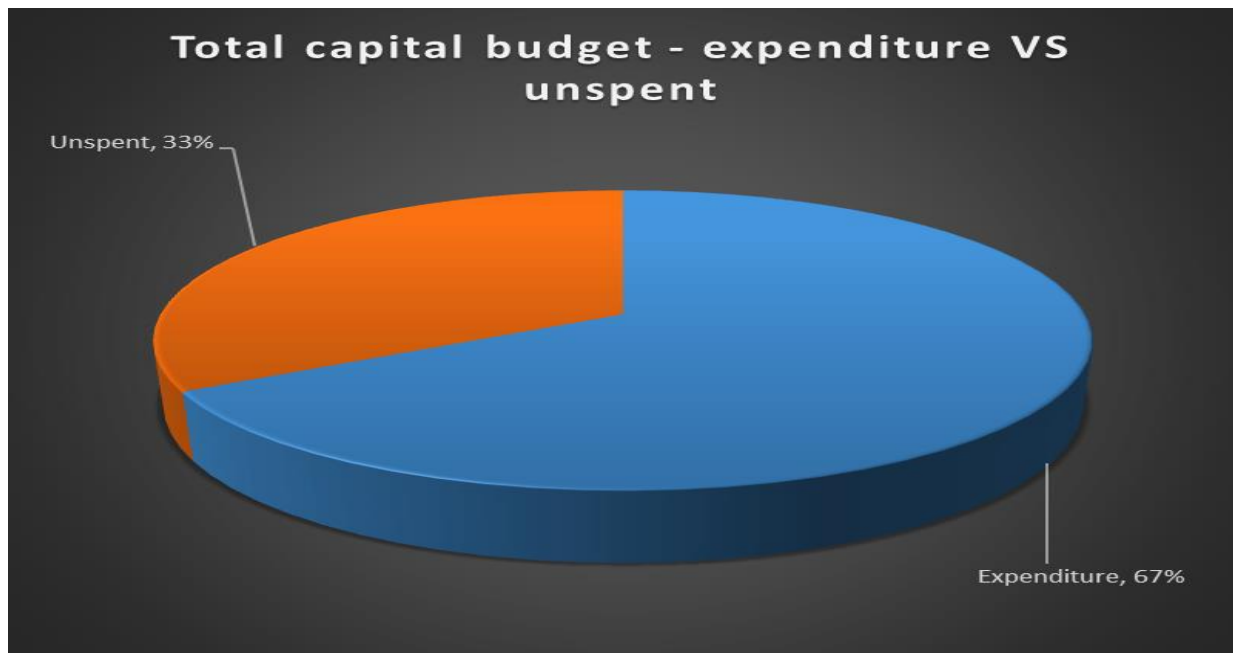
The underspending was largely due to delays experienced with the following projects:

- Grabouw pick up and drop off zone: R 4,450,998.
- Capital Waste Water Treatment Works Upgrade: R 3,806 149
- Low Cost Housing Project: Grabouw Rooidakke Phase 5 (Stormwater): R 3,584,500.
- Low Cost Housing Project: Grabouw Rooidakke Exten: R 5, 220,001.
- Low Cost Housing Project: Grabouw Siyayanzela stormwater: R 846,000.
- Low Cost Housing Project: Riviersonderend (Stormwater): R 1,534,076.
- Vehicle Tracking System: R 380 000.

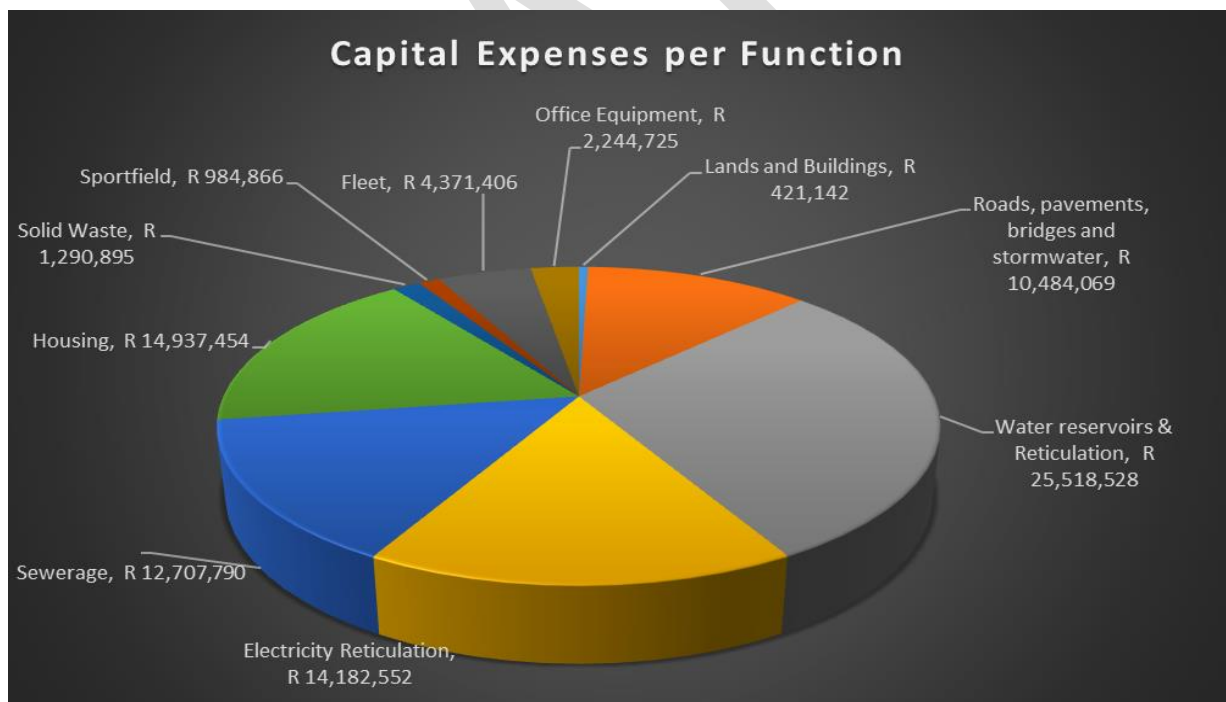
Sources of Finance:	Budget	Adjustment Budget 4	Expenditure	Unspent	% Spent
MIG	22,792,105	23,775,323	22,947,271	828,052	97%
NEP	7,131,579	7,131,579	6,688,968	442,611	94%
DISASTER RELIEF GRANT	-	3,133,780	2,885,764	248,016	92%
SANRAL	-	4,470,435	19,437	4,450,998	0%
HOUSING	36,381,001	37,760,001	14,937,454	22,822,547	40%
THUSONG	-	17,000	7,392	9,608	43%
MUNICIPAL CAPACITY BUILDING	-	18,000	10,016	7,984	56%
PUBLIC WORKS GRANT	-	300,000	154,419	145,581	51%
WATER SUPPLY GRANT	-	2,700,000	2,130,575	569,425	79%
LOANS	27,744,202	32,031,752	22,558,486	9,473,266	70%
CAPITAL REPLACEMENT RESERVE	2,562,000	3,572,000	2,725,262	846,738	76%
CAPITAL OUT OF REVENUE	12,325,316	15,374,435	12,078,382	3,296,053	79%
GRAND TOTAL	R 108,936,203	R 130,284,305	R 87,143,427	R 43,140,878	67%



Capital Expenditure vs. Capital Budgeted



Capital Expenditure per Function



1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The focus of the department sifted with new council taking office. The department had to realign itself in order to assist council to achieve its strategic objectives.

Most critical strategic challenge will be to guide, support and oversee the growth and development of Institutional Capacity in line with the strategic and operational demands of TWK in an effort to narrow the gap between stakeholder expectations and the institutional capacity of the Municipality

The success of the organisation in developing an external environment will depend on the development of the internal conditions and capacity of the Municipality

The main purpose of the department will now be the development of the internal environment and will be responsible for internal growth and development of the organisation although we will have to continue to provide corporate guidance, support and oversight to the other Departments. This Department is no longer exclusively a corporate function.

Our new purpose:

- ❖ Align organisation with rapidly changing and external complex environments
- ❖ Enhance the optimized utilization, growth and development of Institutional capacity
- ❖ Study, guide, support and oversee successful organizational change, growth, development and performance
- ❖ Improve the continuous organizational effectiveness and efficiency of TWK
- ❖ Manage the institutional capacity sustainable risk
- ❖ Move from a transactional to developmental department
- ❖ Move from being implementers to agents / drivers of change
- ❖ Coordinating the breaking down of silos in order to improve inter departmental cooperation

1.6 STATUTORY ANNUAL REPORT PROCESS

PROCESS	Timeframe
AR & FS to AG <ul style="list-style-type: none"> • Submit 2016/2017 Draft Annual Report and Financial statements to Auditor General. • Compile and submit Municipal Audit file to the Auditor General 	31 Aug 2018
Audit Report Receive audit report on annual financial statements from the Auditor General	30 Nov 2018
Table Draft AR & AFS Mayor tables draft AR and AFS at council	24 Jan 2019
Advertise draft AR & AFS for public input and place on municipal website	29 Jan 2019 – 18 Feb 2019
Advertise Oversight Committee Schedule inviting the Public to make presentations of the AR and AFS	29 January 2019
Portfolio Committee Meeting Submit Draft Annual Report to Portfolio Committees for inputs	12; 26 & 27 Feb 2019
1st Oversight Committee Meeting Oversight Committee pose questions to Management to get clarity on the contents of the Annual Financial statements and the Annual Report (10h00)	7 Feb 2019
2nd Oversight Committee Meeting Public hearings – The local community and any organ of state will be allowed to make representations on the annual report and AFS (10h00)	4 March 2019
3rd Oversight Committee Meeting Preparation of the draft oversight report, taking into consideration the views and inputs of the public, representatives of the Auditor General, organ of states, Councils audit committee and Councillors (14h00)	11 March 2019
Oversight & Annual Report Adoption of Oversight report on AR & AFS by council	20 March 2019
Advertise approved Annual report- Place on Municipal Website	25 March 2019
Submission of Oversight & Annual Report to Provincial Treasury and Office of the Premier	29 March 2019
Annual Report Guidelines Forwards guidelines to all Corporate Directorates on the submission of the Annual Report info	12 June 2019

CHAPTER 2 – GOVERNANCE



2 INTRODUCTION TO GOVERNANCE

Good governance has 8 major characteristics namely:-

- participatory,
- consensus oriented,
- accountable,
- transparent,
- responsive,
- effective and efficient,
- equitable, and
- Inclusive which follows the rule of law.

Through this corruption is minimized, the views of minorities are taken into account and the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

2.1 POLITICAL GOVERNANCE

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

The Council has 27 seats (14 Ward Councillors and 13 Proportional Representative (PR) Councillors). The Speaker, Councillor D Du Toit is the Chairperson of the Council. The Party Political and demographic representation of Councillors is reflected in the table below:

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER	
		MALE	FEMALE
DA	14	9	5
ANC	10	5	5
ICOSA	1	1	0
EFF	1	0	1
UFEC	1	1	0

2.1.1 POLITICAL STRUCTURE

Theewaterskloof Council consists of a total number of 27 Councillors, of which 14 are Ward Councillors and 13 Proportional Councillors.

EXECUTIVE MAYORAL COMMITTEE AND MEMBERS

Theewaterskloof Municipality is governed in terms of an Executive Mayoral Committee system. The Executive Mayor, Councillor C Vosloo, governs together with Deputy Executive Mayor, Councillor I Sileku and a team of five Portfolio committee Chairpersons



CHRISTELLE VOSLOO
MAYOR



ISAAC MBULELO SILEKU
DEPUTY MAYOR



DANIEL FRANCOIS DU TOIT
SPEAKER

EXECUTIVE MAYORAL COMMITTEE

We have 6 Portfolio Committees which is chaired by the following Executive Mayoral Committee Members.



JANE ARENDESE
CORPORATE SERVICES



MARTIE KOEGELENBERG
FINANCIAL SERVICES



PEARL STANFLIET
OPERATIONS PORTFOLIO



MEKIE PLATO-MENTOOR
DEVELOPMENT SERVICES



ISAAC MBULELO SILEKU
HUMAN SETTLEMENTS



KAREL PAPIER
TECHNICAL SERVICES

Executive Mayor:
Cllr Christelle Vosloo

Function

- Is the Executive and Political Leader of the Municipality
- Is the Social and Ceremonial Head of Council
- Is the Chief Advisor of Council
- Responsible for identifying the needs of the Municipality
- Must monitor the Administrator
- Supervises the delivery of services
- Report to Council
- Budgetary responsibilities

DEPUTY MAYOR:
Cllr Mbulelo Sileku

The Deputy Mayor acts in the absence of the Executive Mayor

SPEAKER:
Alderman: D Du Toit

Is the chairperson of the Municipal Council and as such is authorized to dictate the proceedings during council meetings, though subject to the order rules, common law and constitutional prescripts. The Speaker is accountable to and reports to the Municipal Council. The Speaker must also ensure compliance with the Code of Conduct.

WHIP:
Cllr R Brinkhuys (DA)
Cllr D Appel (ANC)

Leads the Caucus meetings before Council meetings.

MAYORAL
COMMITTEE:
Cllr K Papier
Cllr J Arendse
Cllr M Koegelenberg
Alderman P Stanfliet
Cllr M Plato-Mentoor

Portfolio Chair: Technical Services
Portfolio Chair: Corporate Services
Portfolio Chair: Financial Services
Portfolio Chair: Operations Services
Portfolio Chair: Development Services

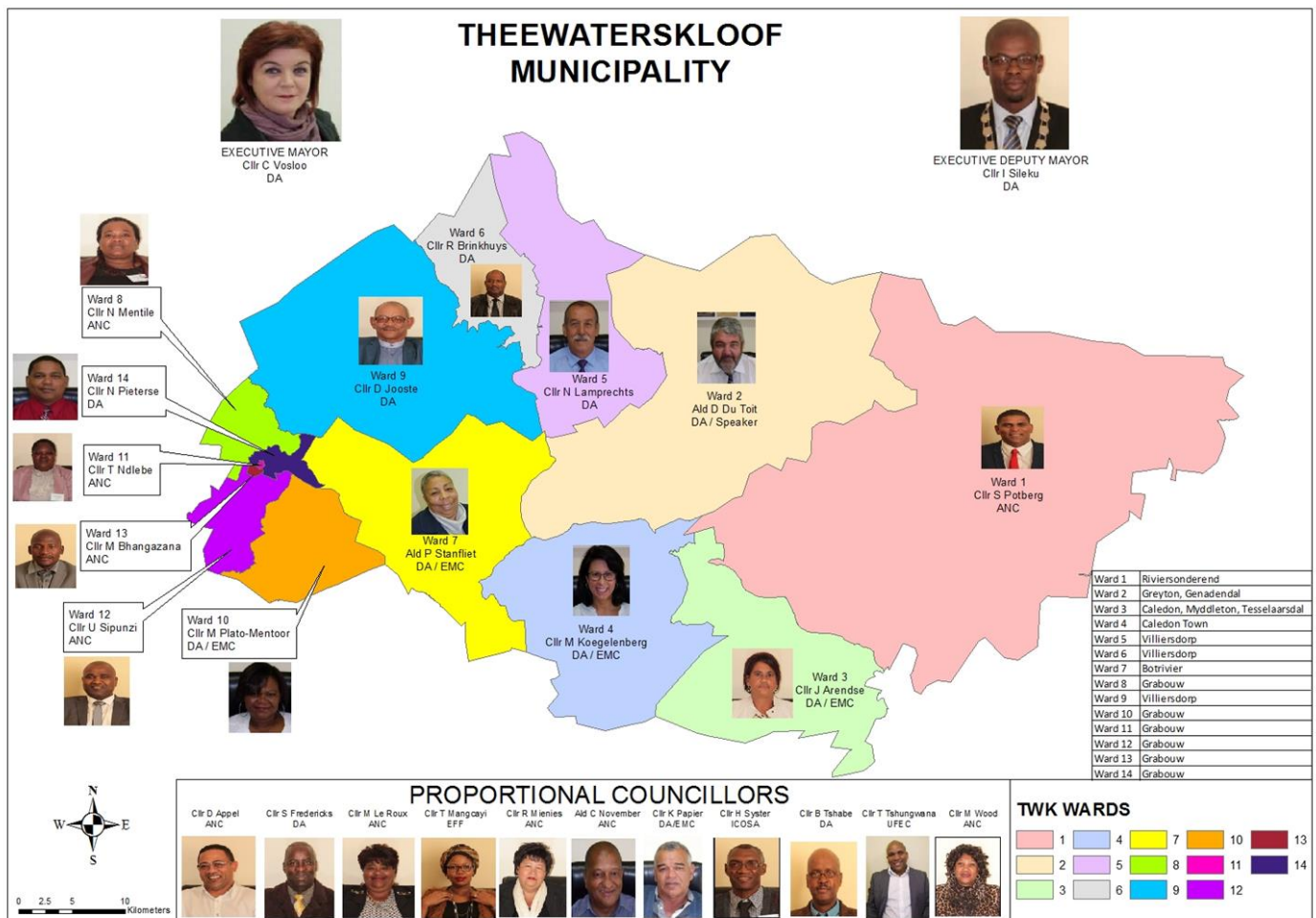
The Mayoral Committee assist the Executive Mayor, serve him/ her with advice and take decisions with the Executive Mayor in respect of designated powers.

2.1.2 COUNCILLOR PROFILE

We have a total number of 27 Councillors of which 14 is Ward Councillors and 13 Proportional Councillors.

Refer to Appendix A where a full list of Councillors can be found (including committee allocations and attendance at council meetings).

Also refer to Appendix B which sets out committees and committee purposes.



Councillors, Committees Allocated and Council Attendance

Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
D Du Toit	FT	Council	Speaker	100%	0%
C Vosloo	FT	Council and EMC	Executive Mayor	100%	0%
D Appel	PT	Technical Services	Party Representative	85%	15%

J Arendse	FT	Corporate Services	EMC Member and Ward Councillor	100%	0%
M Bhangazana	PT	Operations	Ward Councillor	80%	20%
R Brinkhuys	PT	Technical and Operations	Ward Councillor	100%	0%
S Fredericks	PT	Financial Services	Party Representative	100%	0%
D Jooste	PT	Development	Ward Councillor	100%	0%
M Koegelenberg	FT	Financial Services	EMC Member and Ward Councillor	95%	5%
N Lamprecht	PT	Financial Services	Ward Councillor	95%	5%
M Le Roux	PT	Corporate and Development Services	Party Representative	80%	20%
T Mangcayi	PT	Corporate and Financial Services	Party Representative	60%	40%
T Mentile	PT	Corporate Services	Ward Councillor	80%	20%
R Mienies	PT	Financial Services	Party Representative	80%	20%
T Ndlebe	PT	Human Settlements	Ward Councillor	85%	15%
C November	PT	Financial Services	Party Representative	85%	15%
K Papier	FT	Technical Services and Human Settlement	EMC Member	100%	0%
N Pieterse	PT	Corporate Services and Operations	Ward Councillor	85%	15%
M Plato-Mentoor	FT	Development and Human Settlement	EMC Member and Ward Councillor	100%	0%
S Potberg	PT	Human Settlements	Ward Councillor	100%	0%
I Sileku	FT	Human Settlements	Executive Deputy Mayor	90%	10%
T Sipunzi	PT	Technical Services and Human Settlement	Ward Councillor	80%	20%
P Stanfliet	FT	Operations and Human Settlements	EMC Member and Ward Councillor	100%	0%
H Syster	PT	Development and Operations	Party Representative	95%	5%
B Tshabe	PT	Corporate and Development Services	Party Representative	100%	0%
T Tshungwana	PT	Technical Services	Party Representative	80%	20%
C Wood	PT	Development and Operations	Party Representative	80%	20%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

2.1.3 POLITICAL DECISION-TAKING

12 Council Meetings and 5 Special Council Meetings were held during the 2017/2018 financial year.

Agenda-items submitted to Council are as follows:

1st Quarter	=62
2nd Quarter	=52
3rd Quarter	=56
4th Quarter	=59

Total Agenda-items submitted = 229

Out of the 229 Resolutions taken at the Council Meetings from 01 July 2017 to 30 June 2018, 227 resolutions were implemented with 2 resolutions referred back to the Item Author.

The 1 Agenda-item was referred back to obtain additional documentation/information and the other 1 to redone the Audit which was mentioned in the report.

2.2 ADMINISTRATIVE GOVERNANCE

2.2.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

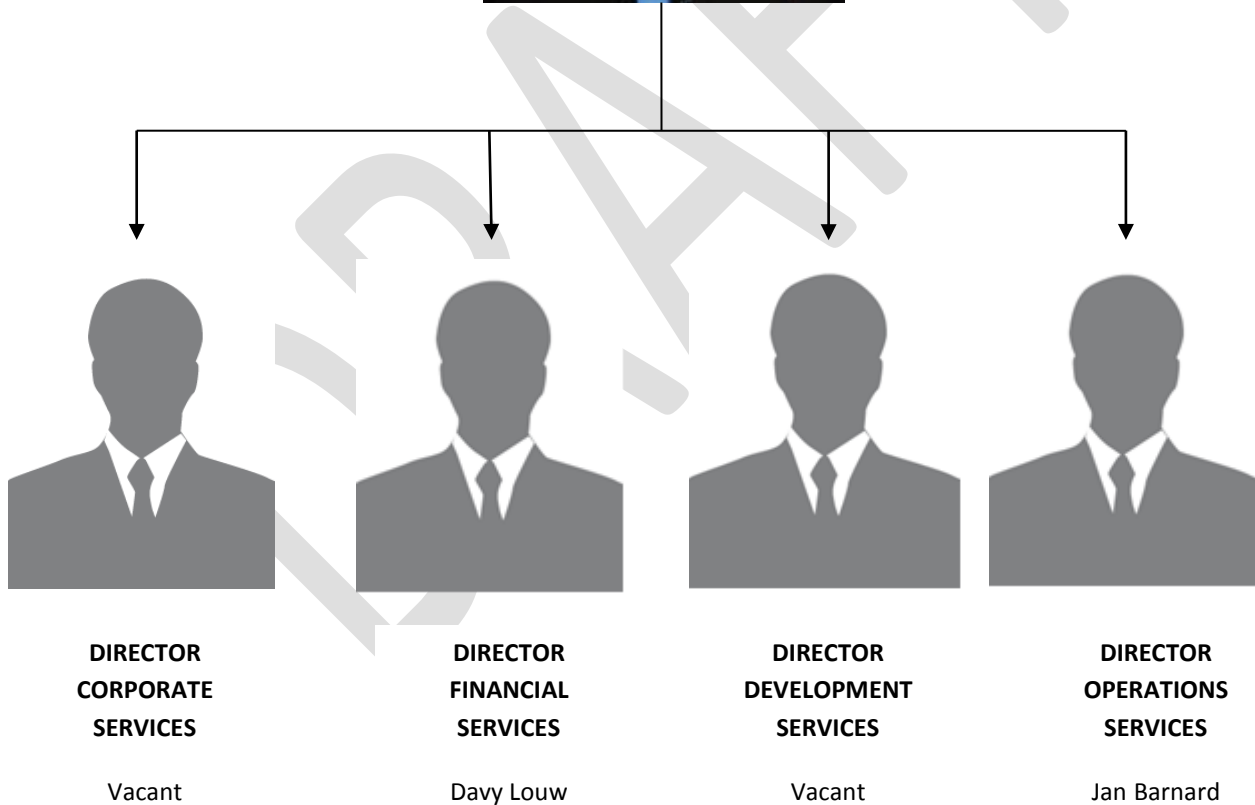
The Municipal Manager is the head of the administration, and primarily has to serve as chief custodian of service delivery and implementation of political priorities. He is assisted by his direct reports, which constitutes the Management Team.

A key priority of the Management Team has been to establish a solid leadership core within the organisation which permeates through to middle and supervisory management levels.

The Management Team Structure is outlined in the table below:

Municipal Manager

Gerrit Matthyse



COMPONENT B: INTERGOVERNMENTAL RELATIONS

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41.

2.3 INTERGOVERNMENTAL RELATIONS

Intergovernmental structures give effect and concrete expression to inter departmental communication. The municipality participates with the following structures that deal with transversal matters:

	IGR STRUCTURE	TYPE OF PARTICIPATION AND BENEFITS DERIVED
NATIONAL	Local Government ICT (LGICT) Network (Please note that this is mainly an "open online forum", although there are special meetings, workshops and events being scheduled across the country)	The LGICT Network is a service hosted by SALGA that provides: <ul style="list-style-type: none"> • a real-time platform for information exchange, networking and collaboration for ICT Managers in local government. • a platform where ICT Managers in local government rate service providers and report about service, satisfaction and quality in order to separate the "husks from the grain".
	IDP Managers Forum	Reflect on IDP Indaba processes Reflect on the impact of the IDP Analysis process; Discuss processes and methodologies that should guide the annual IDP review; Serve as a platform where key planning information is shared, good planning practices and successfully implemented programmes are celebrated, and where gaps are identified.
PROVINCIAL	Records Managers Forum	Discuss processes and methodologies that should guide the records management in Theewaterskloof Municipality in terms of the National Archives Act; Serve as a platform where key planning information is shared, good planning practices and successfully implemented programmes are celebrated, and where gaps are identified in the records management processes. Discuss problems identified in municipalities in respect of records management and received inputs from other municipalities or governmental bodies how to address these problems.
	SALGA Provincial HR Development Working Group	<ul style="list-style-type: none"> • A platform for Councillors within the Province to give input into collective bargaining as well as policy issues. • This forum also receives feedback from National and Provincial Bargaining Forums. • It is also a platform for information sharing and to discuss issues of mutual interest;
	HR Practitioners Forum	<ul style="list-style-type: none"> • A forum used to draft policy, give input into various topics such as legislation, agreements etc. • This forum also serves as a platform for HR managers to network and share best practice • Receive feedback from SALGA in respect of negotiations etc.
	Chief Audit Executive Forum	Discuss methodologies, standards, challenges and serves as an information sharing platform.
	Western Cape Local Government ICT Managers Forum	<ul style="list-style-type: none"> • To create a platform for ICT Managers to discuss ICT-specific issues • To create a space for information sharing, knowledge exchange and inter-provincial cross pollination

		<ul style="list-style-type: none"> • To manage, co-ordinate and support the implementation of ICT initiatives, ICT-related activities in order to strengthen support and avoid duplication • To obtain inputs and comments on national- and provincial processes and initiatives that have an impact on ICT's, and • To achieve standardization for benchmarking and reporting purposes on critical activities.
DISTRICT INTERGOVERNMENTAL STRUCTURES	District IDP Managers Forum	<ul style="list-style-type: none"> • A platform for IDP Managers in the Overberg District to discuss IDP-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • co-ordinate the implementation of IDP initiatives and activities; • standardization of IDPs in the District; and • To identify areas of co-operation in terms of common challenges and development issues amongst the Local Municipalities in the District, and between the Local Municipalities and the District Municipality
	IDP Rep/PPCOM Forum	<ul style="list-style-type: none"> • A platform for IDP Managers, Public Participation officials, Municipal Communicators and Sector Department officials • Share experiences • Joint Planning
	Overberg ICT (OICT) Managers Forum	<ul style="list-style-type: none"> • A platform for ICT Managers in the Overberg District to discuss ICT-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • standardization of ICT infrastructure in the district; and • To identify areas of shared-services
	District IDP Managers Forum	<ul style="list-style-type: none"> • A platform for IDP Managers in the Overberg District to discuss IDP-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • co-ordinate the implementation of IDP initiatives and activities; • standardization of IDPs in the District; and • To identify areas of co-operation in terms of common challenges and development issues amongst the Local Municipalities in the District, and between the Local Municipalities and the District Municipality
	IDP Rep/PPCOM Forum	<ul style="list-style-type: none"> • A platform for IDP Managers, Public Participation officials, Municipal Communicators and Sector Department officials • Share experiences • Joint Planning
	Overberg ICT (OICT) Managers Forum	<ul style="list-style-type: none"> • A platform for ICT Managers in the Overberg District to discuss ICT-specific matters; • A platform for information sharing, knowledge exchange and inter-District cross pollination; • standardization of ICT infrastructure in the district; and • To identify areas of shared-services
	Overberg LED/Tourism Forum	<ul style="list-style-type: none"> • Platform for LED/Tourism practitioners • Joint Planning • Share best practices

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Note: MSA section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Delete Directive note once comment is completed - Provide a brief comment on how your municipality carries out these responsibilities, improvements made during the year and benefits derived from these activities during the year.

The main aim of public participation is to encourage the public to have meaningful input into the decision-making process. Public participation thus provides the opportunity for communication between the community and the municipality.

Legislation affecting public participation in the municipal sphere includes:

- ❖ Constitution of South Africa 1996, Section 151 (1): Municipalities are obliged to encourage the involvement of communities & community organisations in local government.
- ❖ The White Paper on Local Government of 1998: Municipal Councillors should promote the involvement of citizens and community groups in the design and delivery of municipal services.
- ❖ Municipal Structures Act 117 of 1998: Chapter 4 (Establishment of ward committees).
- ❖ Municipal Systems Act 32 of 2000 (Chapter 4): the legal nature of a municipality as including the local community within the municipal area, working in partnerships with the municipality's political & administrative structures to provide for community participation.
- ❖ Municipal Finance Management Act of 2003 The MFMA outlines ways in which the community can be informed of the financial situation of a municipality.
- ❖ Municipal Property Rates Act of 2004 stipulates the public decisions relating to municipal property rates.
- ❖ National Policy Framework on Public Participation provides guidelines for Public Participation in South Africa. It also guides municipalities with the practical implementation of a well-planned, resourced and structured participation program so that communities can actively contribute to the decision making process within the municipality

2.4 COMMUNICATION, PARTICIPATION AND FORUMS

A Public Participation Plan has been approved by council during September 2017. The plan includes dates of the Following meetings which requires public participation:

- Councillor Report back meetings
- Council meetings
- IDP Public Meetings
- Budget Public Meetings
- Annual Report publications

2.4.1 WARD COMMITTEES

We regard the Ward committees as our official Public participation structure. Our Ward Committees meet bi-monthly and they are very much involved in the IDP and Budget process. We have also developed 14 Ward Operational Plans as prescribed by the Provincial Department: Local Government.

2.4.2 FUNCTIONALITY OF WARD COMMITTEES

The primary function of a ward committee is:

- To assist the ward councillor in understanding the needs and the views of the community;
- To be a formal communication channel between the community and the municipal council;
- To raise issues of concern about the local ward to the ward councillor and;
- To make sure ward residents have a say in decisions, planning and projects that the council or municipality undertakes which have an impact on the ward.

A ward committee should consist of up to ten members who serve as volunteers and may represent a certain sector. Examples of such sectors are:

- women's groups or;
- ratepayers associations;
- geographic areas
- Community within the ward.

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Councillor S Potberg	Yes	8	2	2
	A August				
	E Mouries				
	C Sandenbergh				
	T Hermanus				
	J Johnson				
	F Boshoff				
	A Mouton				
	H Sauls				
	P Stander				
	C Lottering				
2	Alderman D du Toit	Yes	7	5	8
	J Kroukamp				
	C Barthus				
	P Adams				

	V Jansen				
	M Davis				
	M Ohlson de Fine				
	D Crabtree				
	A White				
	G Juries				
	W Beukman				
3	Councillor J Arendse	Yes	7	0	6
	E Magerman				
	Y van Tonder				
	A Davids				
	L Freeman				
	M Booysen				
	S Swartz				
	K Hoffman				
	C Benjamin				
4	M Koegelenberg	Yes	7	0	2
	J Brinkhys				
	N Jende				
	J de Waal				
	J van Deventer				
	J Norval				
	M Wessels				
	J de Witt				
	D du Toit				
	J Hauman				
5	C Lamprecht	Yes	6	8	2
	R Jansen				
	L Joanse				
	D Ontong				
	C Nel				
	B Bester				
	H Schoeman				
	F Matheoane				
	J Nichollis				
	D Rennie				
	J Kleyn				
6	R Brinkhys	Yes	6	0	2
	E Jansen				
	T Vali				
	R Antonie				
	D Rennie				

	H Blignaut				
	J Nichollis				
	J Kleyn				
	V Hendricks				
	A Sindelo				
	H Schoeman				
7	Alderman P Stanfliet	Yes	7	0	2
	J Swanepoel				
	I Andries				
	N Greeff				
	H Hendricks				
	J Faroa				
	C Afrika				
	H Pitcher				
	M Julies				
	M Goniwe				
	E Herman				
8	Councillor A Mentile	Yes	8	4	2
	L Khathatsho				
	J Kock				
	I Ludziya				
	A Bovungana				
	X Nonjiko				
	E Gertse				
	D Williams				
	T Xhego				
	N Klaasen				
9	Councillor D Jooste	Yes	6	0	2
	M Koelman				
	E Wagenaar				
	M May				
	D Johannes				
	N Fortuin				
	A Hanekom				
	J Jooste				
	H Schoeman				
	H Botha				
	I Kortje				
10	Councillor M Plato-Mentoor	Yes	8	0	2
	F Titus				
	C Januarie				
	L Hendricks				

	J Koopman				
	B Snyders				
	J de Bruin				
	J Hutton-Squire				
	E Williams				
11	Councillor T Ndlebe	Yes	8	3	4
	C Gertze				
	E Skey				
	S Mxhuma				
	N Ghubukile				
	P Mcetywa				
	L Erasmus				
	S Jonas				
	P Mzolisa				
	J Nganyatsi				
12	Councillor U Sipunzi	Yes	8	2	4
	W Nomxhanya				
	C Absalom				
	P Speelman				
	L Madizeni				
	T Zacharia				
	L de Bruyn-Davids				
	T Mamabolo				
	J Arendorff				
	M Ritcher				
13	Councillor M Bhanganzana	Yes	8	6	2
	N Mchasa				
	M Thobiganya				
	S Masiza				
	U Mtoko				
	J Fourie				
	D de Wee				
	G Pedro				
	A Julies				
	T Langa				
	T Nomshuva				
14	Councillor N Pieterse	Yes	8	0	4
	N Fredericks				
	D May				
	O Parnell				
	J Fillies				

I Kortjé
F Oppelt
I Kortjé

2.4.3 PUBLIC MEETINGS

Public Meetings were scheduled as follows and full details are provided under Appendix 2.4.3:

- Ward Councillor Report Back Meetings: 11 – 21 September 2018
- IDP Public Participation: 26 September – 25 October 2018
- Ward Councillor Report Back Meetings: 5 - 27 March 2018
- Draft Budget Public Participation: 9 - 25 March 2018

Public Meetings						
Nature and purpose of meeting	WARD	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Ward Councillor Report Back Meetings: September 2017	Ward 1	18-Sep	1	5	96	Ward Councillor Report Back
	Ward 2: Greyton	11-Sep	1	7	58	Ward Councillor Report Back
	Ward 2: Bereaville	18-Sep	1	5	4	Ward Councillor Report Back
	Ward 2: Voorstekraal	19-Sep	1	4	27	Ward Councillor Report Back
	Ward 3	20-Sep	3	4	17	Ward Councillor Report Back
	Ward 4	21-Sep	1	4	79	Ward Councillor Report Back
	Ward 5	20-Sep	1	4	21	Ward Councillor Report Back
	ward 6	21-Sep	2	7	103	Ward Councillor Report Back
	ward 7	11-Sep	1	4	46	Ward Councillor Report Back
	Ward 8	20-Sep	1	3	77	Ward Councillor Report Back
	Ward 9					Ward Councillor Report Back
	Ward 10	13-Sep	1	3	69	Ward Councillor Report Back
	Ward 11	19-Sep	1	4	44	Ward Councillor Report Back
	Ward 12	21-Sep	1	4	45	Ward Councillor Report Back
	Ward 13	11-Sep	1	4	69	Ward Councillor Report Back
	Ward 14: Town	12-Sep	1	4	13	Ward Councillor Report Back
	ward 14 : Molteno	18-Sep	1	4	4	Ward Councillor Report Back
IDP Public Participation: October 2017	Ward 1	26-Sep	1		72	IDP Public Participation
	Ward 2	27-Sep	7	10	60	IDP Public Participation
	Ward 3	28-Sep	4	8	13	IDP Public Participation
	Ward 4	5-Oct	3	4	67	IDP Public Participation
	Ward 5	3-Oct	5	7	19	IDP Public Participation
	Ward 6	25-Oct	1	3	113	IDP Public Participation
	Ward 7	24-Oct	5	8	45	IDP Public Participation
	Ward 8	9-Oct	9	5	21	IDP Public Participation
	Ward 9	10-Oct	1	5	43	IDP Public Participation

	Ward 10	17-Oct	1	4	33	IDP Public Participation
	Ward 11	10-Oct	1	2	54	IDP Public Participation
	Ward 12	2-Oct	1	5	25	IDP Public Participation
	Ward 13	18-Oct	2	5	46	IDP Public Participation
	Ward 14					Meeting could not take place due to Community not attending
Ward Councillor Report Back Meetings: March 2018	Ward 1	13-Mar	1	4	126	Ward Councillor Report Back Meeting
	Ward 2: Greyton	5-Mar	1	3	59	Ward Councillor Report Back Meeting
	Ward 2: Bereaville	13-Mar	1	5	16	Ward Councillor Report Back Meeting
	Ward 3 (Myddleton)	6-Mar-18				Ward Councillor Report Back Meeting
	Ward 3 (Tesselaarsdal	12-Mar-18				Ward Councillor Report Back Meeting
	Ward 3 (Town)	15-Mar-18	3	4	24	Ward Councillor Report Back Meeting
	Ward 4	19-Mar-18	1	4	38	Ward Councillor Report Back Meeting
	Ward 5	15-Mar	1	7	52	Ward Councillor Report Back Meeting
	Ward 6	27-Mar	2	5	124	Ward Councillor Report Back Meeting
	Ward 7	8-Feb	1	4	48	Ward Councillor Report Back Meeting
	Ward 7	5-Mar	1	4	41	Ward Councillor Report Back Meeting
	Ward 8	19-Mar-18	1	2	27	Ward Councillor Report Back Meeting
	Ward 9	6-Mar	1	8	25	Ward Councillor Report Back Meeting
	Ward 10	7-Mar-18	1	2	57	Ward Councillor Report Back Meeting
	Ward 11	14-Mar-18	1	2	5	Ward Councillor Report Back Meeting
	Ward 12 (Town)	20-Mar-18	1	2	36	Ward Councillor Report Back Meeting
	Ward 13	5-Mar-18	1	3	25	Ward Councillor Report Back Meeting
	Ward 14 (Town)	6-Mar-18	1	4	22	Ward Councillor Report Back Meeting
	Ward 14 (Molteno)	12-Mar-18	1	2	37	Ward Councillor Report Back Meeting
Budget Public Meeting: April 2018	Ward 1	19-Apr-18	3	7	87	To obtain input from Community in terms of Draft Budget
	Ward 2	25-Apr-18	2	11	50	To obtain input from Community in terms of Draft Budget
	Ward 3	9-Apr-18	2	13	33	To obtain input from Community in terms of Draft Budget
	ward 4	12-Apr-18	3	10	68	To obtain input from Community in terms of Draft Budget
	Ward 5	17-Apr-18	4	11	34	To obtain input from Community in terms of Draft Budget
	Ward 6	18-Apr-18	5	12	26	To obtain input from Community in terms of Draft Budget

Ward 7	23-Apr-18	5	10	28	To obtain input from Community in terms of Draft Budget
Ward 8	16-Apr-18	3	2	20	To obtain input from Community in terms of Draft Budget
Ward 9	10-Apr-18	1	5	13	To obtain input from Community in terms of Draft Budget
Ward 10	9-Apr-18	1		23	To obtain input from Community in terms of Draft Budget
Ward 11	11-Apr-18	1		39	To obtain input from Community in terms of Draft Budget
Ward 12	17-Apr-18	2	5	27	To obtain input from Community in terms of Draft Budget
Ward 13	24-Apr-18	3	4	10	To obtain input from Community in terms of Draft Budget
Ward 14	25-Apr-18				Due to Community protest, this meeting was cancelled

2.4.3.1 COMMENT ON THE EFFECTIVENESS ON THE PUBLIC MEETINGS HELD

The Benefits of Public Participation includes:

- ❖ Increased Participation and it enables partnerships
- ❖ Encourage citizens to take ownership
- ❖ Encourages and strengthens internal accountability
- ❖ Increased communication between structures
- ❖ It alerts the Municipality of grassroots issues
- ❖ It builds ownership

Through the Public Meetings, the Theewaterskloof Municipality, informed, consulted and involved our Communities in the IDP and Budget Processes. We also use the Ward Councillor Report Back meetings, to give feedback on the status of Housing in the different wards. Some meetings was however not well attended and therefore all our communities are not informed.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.6 RISK MANAGEMENT

Section 62(1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) stipulates that the "Accounting Officer must take all reasonable steps to ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control" This legislative prescript coupled with the obligation to ensure that the resources of the municipality are used effectively, efficiently and economically underlie the implementation of risk management at Theewaterskloof Municipality.

Risk management is managed as a shared service of the Overberg District Municipality (ODM) since 1 August 2015, when a Chief Risk Officer (CRO) was appointed. The shared service business model between the municipalities within the district is premised on the delivery of a uniform service under a shared cost model. This model brought about substantial cost-savings as it meant that in-house skills and resources were available with a corresponding reduction on the need for external service providers for the establishment and maintenance of risk management structures and processes. At local level, the Theewaterskloof Municipality has a local risk champion.

The initiatives and actions performed by the RMU during 2017/18 include:

- Introduced bi-annual risk assessments to ensure the risk register is thoroughly reviewed by the managers at least once after the initial risk assessment. This is in addition to the periodic reviews conducted by management on their own initiative;
- Comprehensive annual departmental risk assessments, involving the heads of department and line managers, which contributed to the compilation of the most detailed risk register to date;
- Strategic risk assessment with the Council and Senior Managers;
- Started with a district fraud and corruption event library for use during fraud and corruption risk assessments;
- Continuous emphasis on fraud and corruption risks and the related risk action plans;
- Compilation and monitoring of a district risk management implementation plan;
- Compilation of a District Cross-Cutting Report containing the transversal risks of the municipalities in the Overberg district;
- Finalised the development of a Fraud Prevention and Anti-Corruption Strategy, Policy and Plan which was workshopped with labour and management representatives and adopted by Council. These documents replaced the outdated Anti-Corruption and Fraud Prevention Plan;
- Policy workshop for Councillors on the contents of the Fraud Prevention and Anti-Corruption Strategy, Policy and Plan;

- Engagements with labour unions on the Code of Ethics for Municipal Staff, which was later adopted by Council;
- Introduced several Standard Operating Procedures to formalise and explain the risk management processes;
- Engaging and involving all levels of management with the risk management activities;
- Monthly updates on risk action plans by managers and monitoring by the Risk Management Unit.
- Quarterly compilation of the Combined Assurance Model based on the Combined Assurance Policy Framework adopted by Council;
- Comprehensive review of the Risk Management Strategy and Risk Management Policy to incorporate the new COSO framework Enterprise Risk Management Integrating with Strategy and Performance and document the established risk management processes of Theewaterskloof Municipality. Annual review of the Combined Assurance Policy Framework;
- Participation in the Overberg District Internal Audit and Risk Management Forum;
- Performed a Risk Management Maturity Assessment to determine the Municipality's maturity level;
- Improved co-operation between the RMU and Internal Audit, reducing duplication, increasing the sharing of risk information and improving assurance coverage, while respecting Internal Auditor's independence;
- Risk Management Committee performance evaluation through individual assessments by the members in the form of a questionnaire;
- Adding value of "best practice" developments to the Risk Management Committee. Review of the risk register, incident and emerging risks and corrupt, fraudulent and unethical incidents are now standard agenda items for Risk Management Committee meetings.
- Regular communication and daily updates from the Institute of Risk Management South Africa;
- Provided recommendations for improvement of the software being utilised (Ignite Risk Assist Module);
- Risk management is now a standing agenda item for Audit and Performance Audit Committee meetings, where the Chief Risk Officer provide feedback.
- Risk management training presentation provided to the Audit and Performance Audit Committee.
- KING IV informative presentation to the Risk Management Committee and Council.

RISK MANAGEMENT COMMITTEE

A Risk Management Committee (RMC) was established by the Municipal Manager on 21 September 2015. The RMC is a high level advisory body that assists the Accounting Officer to fulfil his/her responsibilities for Risk Management as set out in the MFMA, the Public Sector Risk Management Framework and corporate governance principles. The FARMCO operates within the parameters of a RMC Charter.

The RMC also oversees the effective implementation of the risk management processes, effective management of identified risks and provides timely and useful enterprise risk

management reports to the Municipal Manager and the Audit Committee of the Municipality.

The table below indicates the membership and meeting dates.

TABLE: RISK MANAGEMENT COMMITTEE (RMC)

CAPACITY	MEETINGS
Chairperson: Municipal Manager	14 September 2017
Administrator: OHS & Risk Official	21 November 2017
Director: Finance	20 March 2018
Director: Operations	21 June 2018
Deputy Director: Technical	
Deputy Director: Corporate Services	
Deputy Director: Development Services	
Manager: Human Resources	Specialised Contribution
Manager: Information Technology	Specialised Contribution
3 Councillors as nominated by Council attend and act as observers at each Risk Management Committee	
The Chief Risk Officer of the Overberg District Municipality shared risk management service and Chief Audit Executive of Theewaterskloof Municipality are standing invitees in an advisory and observation capacity	

RISK ASSESSMENTS

The risk assessment process for 2017/18 commenced in March 2017. The risks identified were classified into high, medium and low risks to determine the inherent risk (impact risk before taking controls into consideration) as well as residual risks (after taking existing control measures into consideration).

The risk assessment results were submitted to the RMCO on 20 March 2017. The operational risks were recommended for approval by the Municipal Manager who subsequently signed them off and the strategic risks were recommended for approval by Council.

STRATEGIC RISKS FOR THE MUNICIPALITY

Risk Description	Current Controls	Residual Risk	Risk Actions
Unlawful Land Invasion	<ul style="list-style-type: none"> ○ Squatter control policy_ ○ Land Invasion Unit 	High	1. Land invasion unit has been established, reporting under the Operations Directorate. 2. SOP with regard to the operations of the land invasion unit

			<p>is currently being drafted by the Operations Directorate.</p> <p>3. The Development Directorate is currently in process of investigating the appointment of a service provider to complete a survey and database of all people residing in informal settlements. This will enable the management of these settlements.</p>
Inadequate Capital Funding to eradicate Infrastructure Backlog Timeously	<ul style="list-style-type: none"> o Maintaining Status Quo (Make due with available resources) 	High	<p>1. Ongoing Reactive and Preventative Maintenance on existing infrastructure.</p> <p>2. Prioritise projects with applicable cost analysis for budgeting.</p>
In-migration leading to Land Invasion and the increase in Informal Settlement	<ul style="list-style-type: none"> o Squatter control officers 	High	<p>1. The land invasion unit has been established and is in operation with a total of eight workers that were appointed.</p> <p>2. Continuous reporting on incidents.</p>
Excessive Expectations in relation to Institutional capacity	<ul style="list-style-type: none"> o Public Participation Indaba o Expectation Management (SLA with communities) o CAPEX / MTREF o Procurement Plan 	High	<p>1. SLA's have been agreed with the ward committees with regular feedback session on the performance from the municipal side.</p>
Bulk water provision	<ul style="list-style-type: none"> o Technical Drought Plan. o General communication - Printed media and radio. o Notifications (Possible Water restrictions). o Alternative provision through boreholes. o Explore Water Source Alternatives on continuous basis 	High	<p>1. Design, manufacture, installation and commissioning of Water Purification package plants in terms of Council approved Section 78 investigation</p> <p>2. Refurbishment and upgrade of existing infrastructure</p> <p>3. Continuous implementation of WDWCM Strategy and Loss Reduction Plan</p>
Slow Recovery of Potential Revenue	<ul style="list-style-type: none"> o Data Cleansing Project, o Credit control and Debt Collection unit 	High	<p>1. Monthly progress reports will be submitted to Management and Finance Portfolio with regards to the implementation of the project. Performance will be measured against the targets set and will be used as early warning signals and provide an indication of the necessity of remedial action or</p>

			alternative action to be taken.
Sustainable institutional capacity	<ul style="list-style-type: none"> o HR Policies o Staff Structure o Training opportunities (Work skills plan) 	Medium	1. Developing a conceptual framework. 2. Establishing an organizational attitude. 3. Developing a vision and strategy. 4. Developing an appropriate and aligned organizational structure.

RISK POLICIES AND STRATEGIES

The Municipality has a Risk Management Policy, Risk Management Strategy and Implementation Plan in place that was reviewed by FARMCO on 20 March 2017, see Council approval below:

TABLE: RISK POLICIES AND STRATEGIES

NAME OF DOCUMENT	DEVELOPED	COUNCIL APPROVAL
	YES/NO	
RMC Charter	Yes	29 May 2017 (Council Resolution C88/2017)
Risk Management Policy	Yes	29 May 2017 (Council Resolution C88/2017)
Risk Management Strategy	Yes	29 May 2017 (Council Resolution C88/2017)
Risk Management Implementation Plan	Yes	28 June 2017 (Council Resolution C107/2017)

2.7 ANTI-CORRUPTION AND FRAUD

Section 6(2) (c) of the Municipal Systems Act (MSA) states that the municipality must take measures to prevent corruption, section 83(1) (c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act (MFMA), section 112(1) (m) (i) obligates the municipality to institute supply chain measures to combat fraud and corruption, favouritism and unfair and irregular practices. The Prevention and Combating of Corrupt Activities Act defines corruption and specific corrupt activities and imposes a reporting obligation on the Accounting Officer.

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings regulates the reporting, investigation and disciplinary proceedings regarding allegations of financial misconduct, including fraud and corruption.

Table: FRAUD PREVENTION AND ANTI-CORRUPTION DOCUMENTS

NAME OF DOCUMENT	DEVELOPED Yes/No	COUNCIL APPROVAL
Fraud Prevention and Anti-Corruption Strategy	Yes	28 September 2017 (Council Resolution C196/2017)
Fraud Prevention and Anti-Corruption Policy	Yes	28 September 2017 (Council Resolution C196/2017)
Fraud Prevention and Anti-Corruption Plan	Yes	28 September 2017 (Council Resolution C196/2017)

The following table provides an overview of the Municipality's implementation strategies:

TABLE 56 IMPLEMENTATION STRATEGIES

KEY RISK AREAS	KEY MEASURES TO CURB CORRUPTION AND FRAUD
Policy	<p>A Fraud Prevention and Anti-Corruption Policy is a key defence mechanism because it emphasises that the Municipality has a formal framework in place to deal with fraud and corruption. It answers key questions such as:</p> <ul style="list-style-type: none"> · What is fraud and corruption? · How do we deal with it when it arises? · What are the roles and responsibilities? · What are the sanctions?
Institutional arrangements	<p>The creation of specific structures (e.g. a fraud and risk committee) and the definition of roles and responsibilities facilitates coordination and management of programme implementation. At municipal level these would include structures such as internal audit and the external audit committees.</p>
Systems and control	<p>With well-structured and documented systems and controls in place gaps and loopholes are nullified that are often used to perpetrate fraud and corruption. These systems and controls also enable monitoring and management mechanisms that will facilitate detection where there are attempts to override or circumvent such systems and controls. Importantly, systems and controls will ensure compliance with policies and regulations. Supply chain management is a good example of where systems and controls are crucial in preventing fraud and corruption</p>
Fraud and corruption risk management	<p>All organisations have systems and controls in place with varying levels of structure and detail. Despite this, organisations are still vulnerable to fraud and corruption because systems and controls are not properly implemented or their inherent gaps and weaknesses can be exploited. Conducting fraud and corruption risk assessments enables organisations to test the integrity and completeness of their systems and controls with a view to implementing measures that strengthen areas of weakness and closing gaps. This approach proactively allows the organisation to prevent</p>

	fraud and corruption
Training, awareness and communication	Making managers, staff, suppliers and customers aware of the risks of fraud corruption, how to deal with it, what the consequences are and why it is important to prevent and fight it are key weapons in building up an organisational culture that opposes fraud and corruption. Training will make managers and staff aware of what to watch out for so that they do not willingly or unwillingly participate in acts of fraud and corruption. Communicating successes in dealing with fraud and corruption serves as deterrent to others and builds the corporate image of an institution.

2.8 AUDIT COMMITTEE

Section 166(2) of the MFMA states that an audit committee is an independent advisory body which must advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, on matters relating to –

- internal financial control;
- risk management;
- performance management; and
- Effective governance.

The Performance and Audit Committee have the following main functions as prescribed in section 166 (2) (a-e) of the Municipal Finance Management Act, 2003, Local Government Municipal and Performance Management Regulation, 2001 and the office of the Auditor-General:

- To advise the Council on all matters related to compliance and effective governance;
- To review the annual financial statements to provide Council with an authoritative and credible view of the financial position of the municipality, its efficiency and its overall level of compliance with the MFMA, the annual DORA and other applicable legislation;
- Respond to the council on any issues raised by the Auditor-General in the audit report;
- To review the quarterly reports submitted to it by the internal audit;
- To evaluate audit reports pertaining to financial, administrative and technical systems;
- The compilation of reports to Council, at least twice during a financial year;
- To review the performance management system and make recommendations in this regard to Council;
- To identify major risks to which Council is exposed and determine the extent to which risks have been minimized;
- To review the annual report of the municipality;
- Review the plans of the Internal Audit function and in so doing; ensure that the plan addresses the high-risk areas and ensure that adequate resources are available.
- Provide support to the Internal Audit function.
- Ensure that no restrictions or limitations are placed on the Internal Audit section

The municipality's Performance and Audit Committee Recommendations for the 2017/18 financial year are as follows:

Date of Committee	Committee recommendations during Year 2017/18	Recommendations adopted (enter Yes) if not adopted (provide explanation)
29-Aug-17	audit work completed and planned	Yes
29-Aug-17	Transfer of Land Audit	Yes
29-Aug-17	Supply Chain Management Third Quarter Review	Yes
29-Aug-17	Compliance Fourth Quarter Audit	Yes
29-Aug-17	SDBIP Fourth Quarter Audit	Yes
29-Aug-17	Recovery of Revenue Audit	Yes
29-Aug-17	Solid Waste Fourth Quarter Audit	Yes
29-Aug-17	Delay in registration of General Plans for Low Cost Housing Audit	Yes
29-Aug-17	Internal Audit Fourth Quarter Follow-up Report	Yes
29-Aug-17	Auditor General Report Follow-up	No - Agenda item referred back for clarity on a legal opinion that was obtained
29-Aug-17	Internal Audit request for information / comments SOP	Yes
29-Aug-17	Performance- and Audit Committee Evaluations	Yes
29-Aug-17	Internal Audit Evaluations	Yes
29-Aug-17	Revised Annual Risk Based Audit Plan 2017/2018	Yes
29-Aug-17	Rehabilitation of Landfill Sites: Proposed funding module	Yes
29-Aug-17	Quarterly Budget Statement for the fourth quarter ending 30 June 2017	Yes
29-Aug-17	Draft Financial Statements for the year ending 30 June 2017	Yes
29-Aug-17	Minutes of the Risk Management Committee	Yes
24-Nov-17	audit work completed and planned	Yes
24-Nov-17	SDBIP First Quarter Audit	Yes
24-Nov-17	Compliance First Quarter Audit	Yes
24-Nov-17	Risk Management Audit	Yes
24-Nov-17	Bulk Water Provision Audit	Yes
24-Nov-17	Supply Chain Management Fourth Quarter Review	Yes
24-Nov-17	Inventory Audit August 2017	Yes
24-Nov-17	Internal Audit First Quarter Follow-up Report	Yes
24-Nov-17	Fourth Quarter SDBIP Report of the Office of the Chief Audit Executive	Yes
24-Nov-17	First Quarter SDBIP Report of the Office of the Chief Audit Executive	Yes
24-Nov-17	Quarterly Budget Statement for the first quarter ending 30 September 2017	Yes
24-Nov-17	Quarterly progress report on Risk Management activities	Yes
24-Nov-17	Presentation of combined assurance model	Yes
24-Nov-17	Approved minutes of the Risk Management Committee	Yes
24-Nov-17	Status of ICT Governance and risk in TWK	Yes
19-Jan-18	2016/2017 Annual Report	Yes
23-Mar-18	audit work completed and planned	Yes
23-Mar-18	Supply Chain Management First Quarter Review	Yes
23-Mar-18	Expansion of Infrastructure - pressure on staff audit	Yes

23-Mar-18	Solid Waste Second Quarter Audit	Yes
23-Mar-18	SDBIP Second Quarter Audit	Yes
23-Mar-18	Compliance Second Quarter Audit	Yes
23-Mar-18	Inadequate Capital Funding Audit	Yes
23-Mar-18	Implementation of mSCOA Audit	Yes
23-Mar-18	Internal Audit Second Quarter Follow-up	Yes
23-Mar-18	Auditor General Report Follow-up	Yes
23-Mar-18	Second Quarter SDBIP report of the Office of the Chief Audit Executive	Yes
23-Mar-18	Quarterly budget statement for the second quarter ending 31 December 2017	Yes
23-Mar-18	Status of ICT Governance and risk in TWK	Yes
23-Mar-18	Ratio Analysis Report	Yes
23-Mar-18	Revised Annual Risk Based Audit Plan 2017/2018	Yes
23-Mar-18	Approved minutes of the Risk Management Committee	Yes
23-Mar-18	Risk Management Implementation Plan	Yes
23-Mar-18	Presentation of combined assurance model	Yes
23-Mar-18	Presentation of Risk Action Report 2017/2018	Yes
08-Jun-18	audit work completed and planned	Yes
08-Jun-18	Ad Hoc Travel Allowances Audit	Yes
08-Jun-18	Maintenance on Proclaimed Roads Audit	Yes
08-Jun-18	Supply Chain Management Second Quarter Audit	Yes
08-Jun-18	Inventory Audit March 2018	Yes
08-Jun-18	Compliance Third Quarter Audit	Yes
08-Jun-18	Internal Audit Third Quarter Follow-up	Yes
08-Jun-18	Auditor General Report Follow-up	Yes
08-Jun-18	Internal Audit Evaluations	Yes
08-Jun-18	Performance- and Audit Committee Evaluations	Yes
08-Jun-18	Meeting Schedule	Yes
08-Jun-18	Third Quarter SDBIP of the Office of the Chief Audit Executive	Yes
08-Jun-18	External Quality Assessment Proposal / Framework	Yes
08-Jun-18	Annual Risk Based Internal Audit Plan 2018/2019	Yes
08-Jun-18	Review and Approval of the Risk Management Strategy, Policy and Risk Management Committee Charter for 2018/2019	Yes
08-Jun-18	Quarterly budget statement for the third quarter ending 31 March 2018	Yes
08-Jun-18	Status of ICT Governance and risk in TWK	Yes
08-Jun-18	Performance Management Third Quarter Audit	Yes
08-Jun-18	Unlawful Land Invasions	Yes
08-Jun-18	Supply Chain Management Third Quarter Audit	Yes
08-Jun-18	Progress report - Risk Management Implementation Plan	Yes
08-Jun-18	Approved minutes of the Risk Management Committee	Yes
08-Jun-18	Selective application of national building regulations within TWK	Yes

2.8.1 PERFORMANCE AND AUDIT COMMITTEE REPORT

2017/2018 ANNUAL REPORT OF THE PERFORMANCE AUDIT AND AUDIT COMMITTEE

Speaker, Mrs Mayor, Members of Council, The Municipal Manager, Directors, Ladies and Gentleman, it is my duty to deliver the annual report of the Performance Audit and Audit Committee to Council for the financial year ending 30 June 2018.

Performance Audit and Audit Committee

As a statutory, independent committee its duties and responsibilities are clearly articulated in the Municipal Finance Management Act, Act 56 of 2003 and the Audit Committee Charter as approved by Council.

The Performance Audit and Audit Committees consisted of four (4) independent members who are all appropriately qualified, who are financially literate and who are acquainted with the Risk Management and Performance Management disciplines.

Mr V van der Linde tendered his resignation from the committee in January 2018.

The committee has held 5 (five) meetings during the financial year under review. These meetings were well attended by Committee Members, the Municipal Manager, Directors, Members of the Audit Team and Representatives from the Auditor-General's Office, Chairperson of the Finance Portfolio Committee and Councillors nominated by Council to attend the meetings.

Dates of Performance Audit and Audit Committee meetings:

- 29 August 2017
- 24 November 2017
- 19 January 2018
- 23 March 2018
- 8 June 2018

Name of Member	Number of Meetings Attended
E Lakey (Chairperson)	5
A Pienaar	5
GN Lawrence	5
V van der Linde	0

The Performance Audit and Audit Committee conducted self-assessments during March 2018 in order to measure its performance. Input from Management was part of the assessment process. The results of the performance was reviewed and discussed at the Performance Audit and Audit Committee Meeting of 8 June 2018.

The Effectiveness of Internal Control

Internal control is the system of controls and directives that are designed to provide cost effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that the municipality fulfils its mandate, in compliance with all relevant statutory and governance duties and requirements.

The committee reviewed all the Internal Audit reports. Other than the matters highlighted below, no material deficiencies in the system of internal control were noted.

During the year key control deficiencies were noted by Internal Audit in the following areas:

SBDIP / Performance Management;
Implementation of mSCOA;
Bulk Water Provisions;
Expansion of Infrastructure;
Inventory; and
Traffic Security Systems (Surveillance).

Corrective actions have been agreed by management and are being monitored by the Performance Audit and Audit Committee.

Risk Management

The Performance Audit and Audit Committee is well informed and satisfied with reports regarding the Status of Risk Management in TWK. The minutes of the Risk Management Committee are presented to the Performance Audit and Audit Committee on a quarterly basis.

The Risk Management Implementation Strategy along with the Risk Management Policy serves as induction documentation for new employees. Constant interaction with Departments in terms of risk contributes towards risk awareness.

On 19 January 2018, the Performance Audit and Audit Committee received refresher training from Mr A Riddles (Chief Risk Officer) regarding Risk Management.

The aspect of contingent liability and the resultant obligations, it is the continued commitment of the Performance Audit and Audit Committee to bring to the attention of the municipality with the specific request that the municipality will consider re-evaluating its risk appetite.

An example was the dangerous electricity connections in the informal settlements in Grabouw which can so easily cause loss of life and serious liability and reputational harm for the municipality.

Performance Management

The Performance Audit and Audit Committee have reviewed the 2016/2017 Annual Performance Report of the municipality as well as the quarterly SDBIP Performance Reports submitted to it by the Internal Audit Department. Based on the discussions and assurances obtained, the committee is satisfied with the Performance Management System of the municipality.

The Chairperson of the Performance Audit and Audit Committee attend the annual performance evaluations of the section 56/57 appointments and was satisfied with the course of events.

Compliance with Legislation

The Performance Audit and Audit Committee is well informed and satisfied with reports regarding the Status of Compliance with Legislation in TWK. A compliance report is presented to the Audit Committee on a quarterly basis containing the following legislations:

- Supply Chain Management Regulation;

- Municipal Finance Management Act;
- Planning and Performance Management Regulation;
- Investment Regulations;
- Budget and Reporting Regulations;
- Property Rates Act;
- Municipal Structures Act;
- Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers;
- Municipal Systems Act; and
- Disaster Management Act.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the budget statements (section 71 reports) on a quarterly basis;
- reviewed and discussed the unaudited draft Annual Financial Statements on 29 August 2018 prior to submission to the Auditor General. The draft AFS were methodically scrutinised with the CFO;
- reviewed the processes for compliance with legal and regulatory provisions.

Internal Audit

In terms of the IIA (Institute of Internal Auditors) standards, the Internal Audit unit must undergo an internal quality assessment. In March 2018 the Performance Audit and Audit Committee and the Management Team evaluated the Internal Audit unit. The results of the evaluations were discussed at the Performance Audit and Audit Committee meeting of 8 June 2018.

In general, the Performance Audit and Audit Committee is satisfied with the performance of the Internal Audit Department.

In line with the MFMA, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk based Internal Audit plan, internal audit assessing the adequacy of controls, mitigating the risks and the audit committee monitoring implementation of corrective actions.

The Internal Audit Department conducted 30 investigations during the year under review and completed 100% of the audits identified on the risk based internal audit plan for 2017/2018:

- 155 findings were made;
- 39 of these finding was regarded as significant (serious);
- The remaining 116 findings were regarded as housekeeping (minor transgressions which could easily be rectified).

The following internal audits were planned and completed during the year under review:

- Supply Chain Management 4th Quarter 2016/2017
- SDBIP 4th Quarter 2016/2017
- Compliance to Acts Assessment 4th Quarter 2016/2017
- Bulk Water Provision Audit
- Risk Management Audit
- Expansion of Infrastructure Audit
- Solid Waste 1st Quarter 2017/2018

- Inventory First Review 2017/2018
- Supply Chain Management 1st Quarter 2017/2018
- Compliance to Acts Assessment 1st Quarter 2017/2018
- Solid Waste 2nd Quarter 2017/2018
- Implementation of mSCOA Audit
- SDBIP 1st Quarter 2017/2018
- Supply Chain Management 2nd Quarter 2017/2018
- SDBIP 2nd Quarter 2017/2018
- Solid Waste 3rd Quarter 2017/2018
- Inventory Second Review 2017/2018
- Compliance to Acts Assessment 2nd Quarter 2017/2018
- Maintenance on Roads
- Inadequate Capital Funding
- Supply Chain Management 3rd Quarter 2017/2018
- SDBIP 3rd Quarter 2017/2018
- Solid Waste 4th Quarter 2017/2018
- Compliance to Acts Assessment 3rd Quarter 2017/2018
- In-migration leading to Land Invasions and the increase in Informal Settlements
- Adequacy and Alignment of Insurance Portfolio in Relation to the Asset Register
- Unlawful Land Invasions
- Ad Hoc Traffic Security Investigation
- Ad Hoc Travel Allowance Investigation
- Ad Hoc Study Bursary Investigation

General

On 18 May 2018, the members of the committee conducted an annual road trip through various towns in the TWK municipal area. The following facilities were visited:

- Villiersdorp municipal dumping site;
- Villiersdorp waste treatment site;
- Grabouw informal settlement areas;
- Grabouw waste treatment site;
- Caledon dumping site; and
- Caledon municipal pound.

Our concerns were brought under the attention of the various executive members. One was the management of the municipal animal pound in Caledon.

The Performance Audit and Audit Committee considers the independence of the office of the Chief Audit Executive as described in KING IV, of the importance and to act without any external interference or manipulation to fulfil its mandate in an ethical manner.

We are proud of the efforts the municipality embarked on during the drought period and the initiatives to reduce water consumption over the period.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Municipality and the Internal Audit Department for their co-operation and information provided to enable us to compile this report.

The current committee 2-year term concludes at the end of October 2018 and we wish to express our sincere thanks to the municipality that we could serve in our capacity for the term of our office and that we were able to contribute that TWK can continue to strive for excellence in the Western Cape local government structure.

We express our profound gratitude to the Management of the Municipality and wish you well for the future.



Mr E Lakey
Chairperson of the Performance- and Audit Committee
October 2018

DRAFT

2.9 SUPPLY CHAIN MANAGEMENT

The municipality's SCM policy states that "All user departments are required to submit their procurement plans by end of April, for the following financial year to the Manager Supply Chain Management to improve planning and management of resources".

SCM implemented a system in conjunction with Provincial Treasury and the Western Cape Supplier Database to ensure that prospective supplier ID numbers are run through the persal system to avoid non-compliance.

Also note that in the current financial year it was identified that one supplier with persons in the service of the state was identified, whereas two suppliers were identified in the previous year were found non-compliant and their applications to register were declined.

SCM assisted suppliers to register on E-filing at SARS to obtain valid Tax Clearance certificates in a quicker and more efficient way in order for them to register on our database and be compliant for any quotations and tenders advertised/awarded.

During the 2017/2018 financial year SCM in conjunction with LED, Provincial Treasury, SARS, SEDA, DTI, EPWP and in one instance Overberg District Municipality and Cape Agulhas Municipality held four (4) workshops in Caledon, Grabouw and Villiersdorp respectively. The following matters were discussed during the workshop with the prospective service providers within Theewaterskloof Municipality:

- How to register on the database of the municipality and Central Supplier Database;
- How to complete a tender and quotation document;
- How to register on Western Cape Database;
- How to register at SARS and obtain a valid Tax Clearance Certificate;
- How to register a new entity;
- How to complete a B-BBEE affidavit or obtain a B-BBEE certificate;
- How to register at the Construction Industry Development Board for the different construction categories to enable the supplier to be compliant for any tenders and quotations advertised/awarded.

Measures implemented to increase local spending

SCM implemented a checklist that must form part of a request for tender which must be in line with the above and which form part of the special conditions of tender. This checklist consists of the empowerment goals that must be set.

During the 2017/2018 financial year SCM amended the SCM Policy to ensure that all senior management responsible for each tender must report monthly to Management and quarterly to Council on the empowerment goals that were set per award above R 200 000 and the performance for each contract in terms of the empowerment goals. Contract Management Checklist was implemented to address the requirements in terms of the aforementioned.

Various local spending took place as well as corporate social investment funding that were made available for various projects within the boundaries of the municipality.

2.10 BY-LAWS

By-laws Introduced during Year 2017/2018					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
	Water and Sanitation	Yes	22-May-18	Yes	29-Jun-18
	Rates By-law	Yes	22-May-18	Yes	29-Jun-18
<i>Note: See MSA section 13.</i>				T2.9.1	

2.10.1 COMMENT ON BY-LAWS

MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation

All bylaws that were newly implemented as well as existing bylaws that were amended underwent rigorous public participation processes. Where appropriate, the comments from the general public were taken into account and the bylaws in questions, were amended accordingly.

2.11 WEBSITE

A municipal website should be an integral part of a municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. Section 75 of the MFMA requires that the municipalities place key documents and information on their website, including the IDP, the annual budget, adjustments budgets and budget related documents and policies.

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	2017/18 Draft budget - 30/03/2017 2017/18 Annual budget - 01/06/2017 2017/18 Adjustment budgets - 01/09/2017 - 13/10/2017 - 04/12/2017 - 22/02/2018 - 30/05/2018
All current budget-related policies	Yes	01/06/2017
The previous annual report (Year 2016/17)	Yes	27/03/2017
The annual report (Year 2017/18) published/to be published	Yes	Draft - (29/01/2019 - 18/02/2019) Annual - 25/03/2019
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2017/18) and resulting scorecards	Yes	Director Financial Services - 02/08/2017 Director Operations - 02/08/2017
All service delivery agreements (Year 2017/18)	Yes	Monthly as per policy
All long-term borrowing contracts (Year 2017/18)	Yes	Monthly as per policy
All supply chain management contracts above a prescribed value for Year 2017/18	Yes	Monthly as per policy
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2017/18	No	N/A
Contracts agreed in Year 2015/16 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	
Public-private partnership agreements referred to in section 120 made in Year 2017/18	N/A	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2017/18	Yes	Quarter 1 - 07/11/2017 Quarter 2 - 15/01/2018 Quarter 3 - 18/04/2018 Quarter 4 - 17/07/2018
<i>Note: MFMA S75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

T2.10.1

2.11.1 COMMENT ON MUNICIPAL WEBSITE AND ACCESS

Public access to computers are not directly done by the municipality or at municipal administration offices, however public access to computers are setup at all libraries in Theewaterskloof. The municipal ICT division renders support to the libraries in this regard to ensure working and accessible public systems. Further to municipal ICT support of public internet access, the libraries also have public internet access as part of the provincial government's deployments of public access computers.

Customer care centres were set up at various Town Offices, where the public can approach the customer care consultants who will assist them with access to required municipal information, applications, processes and procedures. The project is handled by the Operations Directorate.

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No surveys were conducted during the 2017/18 financial year.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)



Introduction

The Annual Performance Report is prepared and submitted in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 providing guidelines on the Annual Report. The Annual Performance Report covers the performance information from 01 July 2017 to 30 June 2018 and focuses on the implementation of the Service Delivery Budget and Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP). The report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) for 2017/2018. The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area as well as the performance per Municipal Directorate.

The Following are the Municipalities Key Performance Areas:

- Basic Service Delivery
- Financial Viability
- Good Governance
- Institutional Development
- Local Economic Development

Legislative Background

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

A municipality must prepare for each financial year a performance report reflecting—

- a) the performance of the Municipality and each external service provider during that financial year;
- b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
- c) measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance

Performance Summary

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at Directorate levels. The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

MFMA Circular No.13 prescribes that:

The IDP and budget must be aligned;

The budget must address the strategic priorities;

The SDBIP should indicate what the municipality is going to do during next 12 months; and The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes

The Top Layer SDBIP and its targets cannot be revised without notifying the council therefore all changes made in service delivery targets and performance indicators must be done with the approval of the council, following approval of an adjustments budget.

Council approval is necessary to ensure that the Mayor or Municipal Manager do not revise targets downwards in the event where there is poor performance.

The following elements necessitated the revision of the SDBIP:

The adjustment budget:

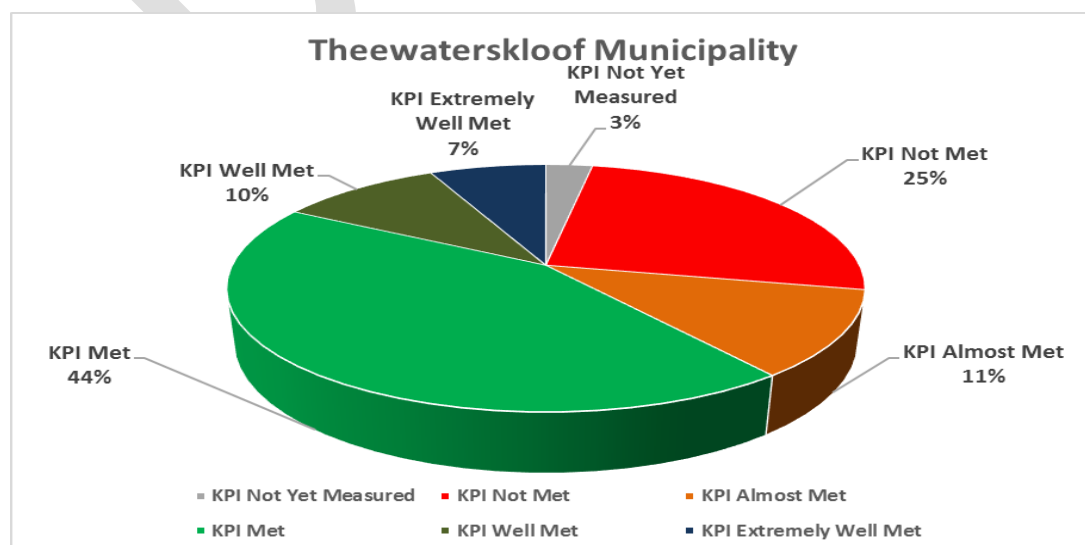
1. The adjustment budget was tabled and adopted by council on 23 February 2017.
2. Auditor general's recommendation on the 2016/17 Performance Audit.
3. The revision process was as follows:
4. One on one sessions were held with all the directors and their heads of departments where KPIs were drafted to ensure consistency with planned objectives, indicators, targets and also to ensure that the KPI's and targets set are based on the SMART principles.

The table below provides a summarised explanation of the performance measurement of Theewaterskloof Municipality

Category	Colour	Explanation
KPI Removed during Adjustment Budget		KPI's with no targets or actuals in the selected period
KPI Not Met		0% >= Actual/Target < 75%
KPI Almost Met		75% >= Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%
KPI Extremely Well Met		Actual/Target >=150%

Summary of Results

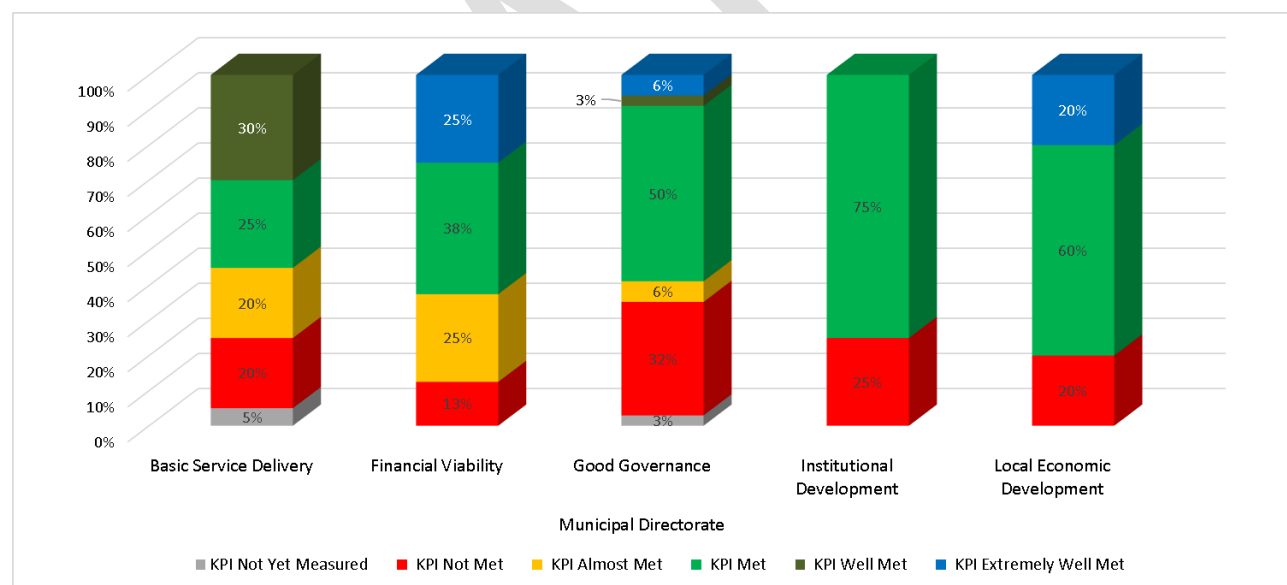
	KPI Not Yet Measured/or Deleted During Adjustment Budget	KPIs with no targets or actuals in the selected period.	2
	KPI Not Met	0% <= Actual/Target <= 74.999%	18
	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	8
	KPI Met	Actual meets Target (Actual/Target = 100%)	31
	KPI Well Met	100.001% <= Actual/Target <= 149.999%	7
	KPI Extremely Well Met	150.000% <= Actual/Target	5
Total KPIs			71



Theewaterskloof had a total of 71 Top layer KPI's that was measured during the 2017/18 financial year. 60.56% of all KPI's were either achieved or achieved above the expected target, 11.25% was almost achieved whilst 25.35% was not achieved. 2.87% of the Top Layer KPI's were either removed or not measured.

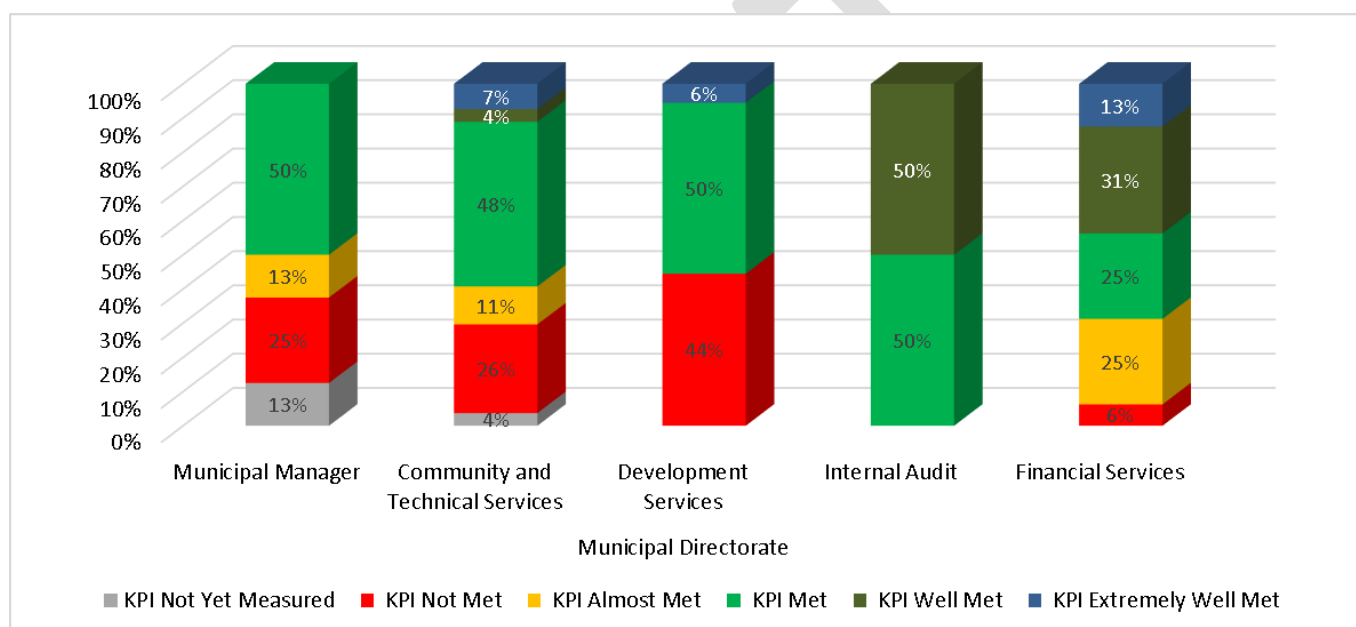
Results per Municipal KPA

	Theewaterskloof Municipality	Municipal KPI				
		Basic Service Delivery	Financial Viability	Good Governance	Institutional Development	Local Economic Development
KPI Not Yet Measured	2	1	0	1	0	0
KPI Not Met	18	4	1	11	1	1
KPI Almost Met	8	4	2	2	0	0
KPI Met	31	5	3	17	3	3
KPI Well Met	7	6	0	1	0	0
KPI Extremely Well Met	5	0	2	2	0	1
Total:	71	20	8	34	4	5



The Table above is indicative that during the target setting the municipality placed its largest focus on Governance and Basic Service Delivery. The municipality achieved more than 50% of the targets in all of its key performance areas. The lowest percentage achievement was in the Basic Service Delivery category, where the municipality only achieved 55% of the targets set.

	Theewaterskloof Municipality	Municipal Directorate				
		Municipal Manager	Community and Technical Services	Development Services	Internal Audit	Financial Services
KPI Not Yet Measured	2	1	1	0	0	0
KPI Not Met	18	2	7	8	0	1
KPI Almost Met	8	1	3	0	0	4
KPI Met	31	4	13	9	1	4
KPI Well Met	7	0	1	0	1	5
KPI Extremely Well Met	5	0	2	1	0	2
Total:	71	8	27	18	2	16



The Internal Audit departments achieved 100% of their targets set, followed with the Financial Services Department, either achieving or exceeding 69% of the target set by the Municipality.

The following table will reflect on the performance against specific individual KPI's:

SERVICE DELIVERY BUDGETED IMPLEMENTATION PLAN FOR 2017/2018

OFFICE OF THE MUNICIPAL MANAGER:

Theewaterskloof Municipality
SDBIP 2017/2018: Top Layer SDBIP Report

Ref	Municipal KPA	Strategic Objective	KPI	Unit of Measurement	Baseline	Previous Year Actual Performance	Revised Target	Year-To-Date As At June 2018		
								Actual	Result	Corrective Measure
TL2	Good Governance	To provide democratic, responsive and accountable government for the local communities	Report bi-annually to Mayco on the implementation of the Customer Relations programme	Number of reports submitted	2	3	0	0	N/A	-
TL3	Good Governance	Refine and improve the institutional capacity of the municipality	Sign performance agreements with All Directors by end July 2017	Number of Performance Agreements	5	6	3	2	O	Ensure all senior management positions are filled with signed performance agreements.

TL4	Good Governance	Refine and improve the institutional capacity of the municipality	Bi-Annual formal performance appraisals for the previous financial year April to June 2017 and the current financial year July to December 2017 to be completed by February 2018	Number of appraisals	New	N/A	8	4	R	Ensure all senior management positions are filled with signed performance agreements and that performance appraisals are done timeously.
TL30	Good Governance	Refine and improve the institutional capacity of the municipality	Revision of the PMS Policy	Council approval of the Revised Policy	New	N/A	1	1	G	-
TL31	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit Annual Report and Oversight Report to council before 31 March 2018	Final Annual report and Oversight Report completed	1	1	1	1	G	-
TL54	Good Governance	To provide democratic, responsive and accountable government for the local communities	Prepare the Final IDP for submission to council by end May annually	Final IDP Submitted	New	N/A	1	1	G	-

TL55	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit draft Annual Report to AG by end of August 2018	Draft Annual Report completed	New	N/A	1	0	R	In future deliverables will be carefully monitored, and targets more aligned to requirements
TL56	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit the Final MTRF Report to council by the end of May annually	Budget Submitted	New	N/A	1	1	G	-

FINANCIAL SERVICES:

Theewaterskloof Municipality
SDBIP 2017/2018: Top Layer SDBIP Report

Ref	Municipal KPA	Strategic Objective	KPI	Unit of Measurement	Baseline	Previous Year Actual Performance	Year-To-Date As At June 2018			
							Revised Target	Actual	Result	Corrective Measures
TL40	Good Governance	To provide democratic, responsive and accountable government for the local communities	Compile Plan to address AG audit findings annually	Plan Completed	1	1	1	1	G	-
TL41	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit annual financial statements to Audit Committee	Number of Statements submitted	2	2	1	1	G	-
TL42	Good Governance	To provide democratic, responsive and accountable government for the local communities	Achieve a payment percentage of 88% by the end June of 2018	Payment %	90%	88%	88%	83%	O	Credit control module will be implemented. Billing will be done in due time.

TL43	Financial Viability	To provide democratic, responsive and accountable government for the local communities	Financial viability measured in terms of the outstanding service debtors (Total outstanding service debtors/ revenue received for services)	Ratio achieved	54%	53.60%	54%	57%	R	Debt collection will be improved as new credit control module will be implemented during the 2018/19 financial year.
TL44	Good Governance	Work towards a sustainable future through sound financial management and continuous revenue growth	Financial viability measured in terms of the available cash to cover fixed operating expenditure (Available cash+ investments)/ Monthly fixed operating expenditure) The eventual target for this ratio is three times	Ratio achieved	1	2.3	1	2.8	B	-
TL45	Good Governance	Work towards a sustainable future through sound financial management and continuous revenue growth	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations (Total operating	Ratio achieved	11%	15.25%	11%	19%	B	-

			revenue-operating grants received)/debt service payments due within the year) (%) The eventual target for this ratio is 12							
TL46	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Provide 6kl free basic water per month to all indigent HH during the 2017/18 financial year	No of indigent HH receiving free basic water	5,000	5,364	5,000	4,336	O	In future more registration campaigns will be held to ensure that those who are indigent register as such. A policy is also being drafted to ensure that RDP residents qualify automatically for indigent subsidy where after a process of elimination will be followed.
TL47	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Provide 70klw of free basic electricity per month to all indigent HH during the 2017/18 financial year	No of indigent HH receiving free basic electricity	3,500	2,117	1,900	2,110	G2	-

TL48	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Provide free basic refuse removal to indigent HH in terms of the equitable share requirements during the 2017/18 financial year	No of Indigent HH receiving free basic refuse removal	3,500	4,366	4,300	4162	O	In future more registration campaigns will be held to ensure that those who are indigent register as such. A policy is also being drafted to ensure that RDP residents qualify automatically for indigent subsidy where after a process of elimination will be followed.
TL49	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Provide free basic sanitation to indigent HH in terms of the equitable share requirements during the 2017/18 financial year	No of indigent HH receiving free basic sanitation	4,200	4,316	4,200	4,096	O	In future more registration campaigns will be held to ensure that those who are indigent register as such. A policy is also being drafted to ensure that RDP residents qualify automatically for indigent subsidy where after a process of elimination will be followed.

TL50	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the services during 2017/18 financial year	Number of residential properties which are billed for water or have prepaid meters	14,834	15,187	14,834	15,951	G2	-
TL51	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Number of residential property connected to the municipal electrical infrastructure network (credit and prepaid electrical metering) (excluding Eskom areas) and billed for the services during the 2017/18 financial year	Number of residential properties which are billed for electricity or have prepaid meters (excluding Eskom areas)	6,515	6,860	6,515	7,243	G2	-

TL52	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Number of formal residential property for which refuse is removed once per week and billed for the services during the 2017/18 financial year	Number of residential properties which are billed for refuse removal	15,118	15,411	15,118	15,589	G2	-
TL53	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Number of formal residential property connected to the municipal waste water sanitation/sewer network for sewerage services (inclusive of septic tanks) irrespective of the number of water closets (toilets) and billed for the services during the 2017/18 financial year	Number of formal residential property which are billed for sewerage	13,377	13,647	13,377	14,717	G2	-

TL57	Good Governance	Work towards a sustainable future through sound financial management and continuous revenue growth	Financial Statement submitted to AG by end August	Financial Statements	1	N/A	1	1	G	-
TL58	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit report on status of Financial Services contract to council	Number of Reports	4	3	4	4	G	-

COMMUNITY AND TECHNICAL SERVICES:

Theewaterskloof Municipality
SDBIP 2017/2018: Top Layer SDBIP Report

Ref	Municipal KPA	Strategic Objective	KPI	Unit of Measurement	Baseline	Previous Year Actual Performance	Year-To-Date As At June 2018			
							Revised Target	Actual	Result	Corrective Measures
TL7	Basic Service Delivery	Increased community safety through traffic policing, bylaw enforcement and disaster management	Submit quarterly progress reports on the activities of Traffic and Law Enforcement	Number of reports submitted	4	3	4	4	G	—
TL9	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Submit quarterly report on VPUU to portfolio committee	Quarterly Report	4	4	4	4	G	—
TL10	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit report on status of Operational Services contracts to council	Number of reports submitted	4	4	4	4	G	—

TL11	Institutional Development	Refine and improve the institutional capacity of the municipality	Review sport policy	Revised policy workshopped with portfolio	4	New	1	0	R	The sport policy was submitted to management and will be workshopped during 18/19 financial year.
TL12	Good Governance	To provide democratic, responsive and accountable government for the local communities	Establishment of integrated town(CBD) renewal task team: Grabouw	Quarterly report	4	New	4	2	R	A third report will be presented at Portfolio Committee meeting 31 July 2018.
TL14	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	100% Spending of Library Grants	% Spent	100%	56.59%	100%	100%	G	—
TL34	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	Report on Water Loss reduction initiatives as per project plan	Quarterly reporting to management	3	3	2	2	G	—

TL35	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	Limit distribution losses for electricity to below 8.4%	% of unaccounted for electricity	8.40%	5.02%	8.40%	4.15%	B	—
TL36	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	Percentage of Municipality's capital budget actually spent on capital projects identified for 2017/18 in terms of the municipality's IDP{(Actual amount spent and commitments on projects as identified for the year in the IDP/total amount budgeted on capital project)x100	% of the budget spent	100%	82.02%	95%	78%	O	In future pre-determined specifications must be provided to the service provider in accordance with DWS standards.
TL37	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit report on status of Technical Services contracts to council	Number of reports submitted	4	3	4	4	G	—

TL38	Good Governance	To provide democratic, responsive and accountable government for the local communities	Annually review and submit Disaster Management Plan	Council approval	New	N/A	1	0	R	<p>Disaster plan was reviewed. Has since been approved by council.</p> <p>In future timelines will be introduced so that the drafting of the plan coincide with the IDP process effectively ensuring that it gets approved within the financial year.</p>
TL39	Financial Viability	To provide democratic, responsive and accountable government for the local communities	100% of Municipal Infrastructure Grant (MIG) spent by 30 June 2018.(Actual MIG expenditure/Allocation received)	% expenditure of allocated funds	New	N/A	100%	99%	O	All funds will be spend in future.
TL59	Basic Service Delivery	Increased community safety through traffic policing, bylaw enforcement and disaster management	Quarterly Reports to portfolio on the roll out of the community safety awareness programmes	Number of Reports	New	N/A	4	3	O	<p>The fourth quarter end June 2018 therefor the report could not be submitted during the 2017/18 financial year but was submitted to portfolio in July 2018.</p> <p>In future the target will be met as it will take into account the last report ito of the previous financial year submitted in the</p>

										current financial year.
TL60	Basic Service Delivery	Increased community safety through traffic policing, bylaw enforcement and disaster management	Quarterly report to Portfolio on the functioning of Land Management Unit.	Quarterly report to portfolio committee	New	N/A	4	2	R	During the 2018/19 financial year a third quarter report will be submitted. In future a quarterly report will be submitted.
TL61	Basic Service Delivery	Improved Environment Management	Approval of Alien eradication plan as per DEADP requirements	Council Approval	New	N/A	1	0	R	Alien eradication plan was advertised to be completed by environmental consultants, on their appointment it was negotiated that the plan will only be completed by end of June 2018, therefore the plan is only now submitted to council. Plan has since been approved by council.

TL62	Institutional Development	Refine and improve the institutional capacity of the municipality	Draft Sport Sector Framework	Approved Framework by Management	New	N/A	1	1	G	—
TL63	Local Economic Development	Improve the social fabric of the TWK community	Implementing of Tessaarsdal Task Team initiatives	Quarterly report to portfolio committee	New	N/A	4	4	G	—
TL64	Basic Service Delivery	Improved Environment Management	Report to management on Public Awareness of Recycling and Composting implementation plan	report to management	New	N/A	1	1	G	—
TL65	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	Limit water losses to less than 20%	% of unaccounted for water	24%	21%	24%	18%	B	—
TL66	Basic Service Delivery	To ensure continuous and sustainable maintenance, replacements and upgrades of municipal infrastructure	Quality of effluent comply 90% with general limits in terms of the Water Act (Act 36 of 1998) (7WWTW)	Compliance with general limits	New	N/A	90%	57%	R	Budget will be made available in the 2018/19 financial year for either appointment of qualified controllers or to train existing controllers.

TL67	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Quality of Portable Water comply 90% with SANS 241 (10WTW)	% Compliance with SANS 241	New	N/A	90%	91%	G2	—
TL68	Basic Service Delivery	To ensure continuous and sustainable maintenance, replacements and upgrades of municipal infrastructure	Comply with minimum standards as prescribed by NRS 048/2 Quality of supply	85% compliance	85%	85%	85%	85%	G	—
TL69	Financial Viability	Work towards a sustainable future through sound financial management and continuous revenue growth	Quarterly Reporting to council on status of Electrical Services SCM Contracts	Number of Reports	New	N/A	3	3	G	—
TL70	Basic Service Delivery	To ensure continuous and sustainable maintenance, replacements and upgrades of municipal infrastructure	Monthly Inspections on the implementation of planned maintenance program (Vill, Cal, Greyton and RSE)	Number of Inspections	12	48	48	48	G	—

TL71	Local Economic Development	Improve the social fabric of the TWK community	Development of community Development Strategy	Draft strategy tabled at council	New	N/A	1	1	G	—
TL74	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Construction of new Pick up and Drop Off zone in Grabouw	% of project implemented as per project implementation plan	New	N/A	100%	20%	R	A new project manager will be appointed in the 2018/19 financial year. Permission was received from CIDB to re-advertise the tender.
TL75	Basic Service Delivery	To maintain and improve basic service delivery and social amenities for the TWK community	Construction of new traffic station in Grabouw (erven 176 and 178)	% of project implemented plan as per project implementation plan	New	N/A	0%	0%	N/A	The municipality will sought alternative land during the 2018/19 financial year.

DEVELOPMENT SERVICES:

Theewaterskloof Municipality
SDBIP 2017/2018: Top Layer SDBIP Report

Ref	Municipal KPA	Strategic Objective	KPI	Unit of Measurement	Baseline	Previous Year Actual Performance	Year-To-Date As At June 2018			
							Revised Target	Actual	Result	Corrective Measures
TL15	Institutional Development	Refine and improve the institutional capacity of the municipality	Review identified ICT policy annually and submit report to ICT Steering Committee	Number of reports on policies reviewed and submitted to ICT Steering Committee	1	1	1	1	G	—
TL16	Good Governance	Refine and improve the institutional capacity of the municipality	Replace redundant computers	Rand value of approved budget spent	R350,000	R350,000	R350,000	R183 418.73	R	Ensure realistic planning and align planning requirements with budget.
TL17	Good Governance	To provide democratic, responsive and accountable government for the local communities	Percentage of budget spent on implementing the workplace skills plan	% of actual budget spent	100%	100%	95%	58.00 %	R	Ensure that training needs analysis is done prior to the start of the financial year , that all identified personal are sent for training thus ensuring that training budget is spend in accordance with workplace skilled plan.

TL18	Good Governance	To provide democratic, responsive and accountable government for the local communities	Implement the workplace skills plan annually	% of personnel identified trained	100%	100%	60%	60%	G	—
TL19	Good Governance	To provide democratic, responsive and accountable government for the local communities	% people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan	% people from EE target groups employed	100%	1	100%	50%	R	Ensure that once position gets vacant people are employed in accordance with the equity plan.
TL20	Good Governance	To provide democratic, responsive and accountable government for the local communities	Review HR identified policies annually and submit report to management	Number of reports on policy reviewed and submitted to management	1	1	1	1	G	—
TL21	Good Governance	To provide democratic, responsive and accountable government for the local communities	Report on functionality of ward committees	Number of reports	1	0	1	1	G	—

TL22	Good Governance	To provide democratic, responsive and accountable government for the local communities	Review and update delegations annually	Updated delegations	1	1	1	0	R	Council will approve delegation register during the 2018/19 financial year.
TL23	Good Governance	To provide democratic, responsive and accountable government for the local communities	Review and update Council's role and responsibilities annually	Reviewed Council's roles and responsibilities	1	2	1	1	G	—
TL24	Good Governance	To provide democratic, responsive and accountable government for the local communities	Quarterly reporting to council on status of Corporate Services SCM contracts	Number of reports submitted	4	3	4	4	G	—
TL25	Local Economic Development	Create an enabling environment in order to maintain existing business and attract new investments into the TWK area	Implementation of LED Strategy	Successful implementation of 3 initiatives namely: (i) Investment Promotion (ii) Coordinating Forum for NGO's (iii) Youth	4	3	4	4	G	—

TL26	Local Economic Development	Create an enabling environment in order to maintain existing business and attract new investments into the TWK area	Number of work opportunities created through LED (EPWP)	Number of work opportunities	380	444	428	664	B	—
TL28	Good Governance	To provide democratic, responsive and accountable government for the local communities	Implementation of Housing Pipeline	% of budget (Capital) spent in line with Provincial allocation	100%	152%	100%	39%	R	Ensure permission to occupy and build on land of other organs of state. Land are obtained prior to application for funding. Procurement processes and implementation planning to be improved in order for projects to commence timeously in 2018/19.
TL29	Good Governance	To provide democratic, responsive and accountable government for the local communities	Implementation of Housing Pipeline	% of budget (Operational) spent in line with Provincial allocation	100%	70%	100%	55%	R	Procurement processes and implementation planning to be improved in order for projects to commence timeously in 2018/19.

TL32	Good Governance	To provide democratic, responsive and accountable government for the local communities	Submit report on status of Development Services contracts to council	Number of reports submitted	4	3	4	4	G	—
TL33	Good Governance	To provide democratic, responsive and accountable government for the local communities	Review of the Spatial Development Framework	% as per project plan	100%	100%	50%	0%	R	The new spatial development framework will be approved during the 2018/19 financial year.
TL72	Local Economic Development	Promote the second and township economy (SMME Development)	Provide assistance to SMME Development	Branding and marketing of 5 SMMEs	New	N/A	20	8	R	Improve marketing of the initiative to ensure that more SMME's apply for branding and marketing packs.
TL73	Institutional Development	To provide democratic, responsive and accountable government for the local communities	Complete the annual risk assessment	Assessment completed	1	1	1	1	G	—

INTERNAL AUDITING:

Theewaterskloof Municipality
SDBIP 2017/2018: Top Layer SDBIP Report

Ref	Municipal KPA	Strategic Objective	KPI	Unit of Measurement	Baseline	Previous Year Actual Performance	Year-To-Date As At June 2018			
							Revised Target	Actual	Result	Corrective Measures
TL5	Good Governance	Work towards a sustainable future through sound financial management and continuous revenue growth	Roll out and Execute the Internal Audit Program	Number of final audit reports submitted to Audit Committee	28	32	28	34	G2	-
TL6	Good Governance	Work towards a sustainable future through sound financial management and continuous revenue growth	Audit the action plan to address AG findings annually	Number of Reports submitted to Management	2	2	2	2	G	-

The municipality hereby disclose that the annual performance report provides a complete and accurate overview of the municipality's performance against targets set for the 2017/18 financial year.

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

Some of the challenges experienced are:

- Provision of basic services on a sustainable basis.
- Stimulating local economic development.
- Sound management of its financial affairs.
- Strengthening continued community participation in the affairs of Local Government.
- Provision of subsidised / low cost housing.
- Development of a social strategy.
- Growing population, unemployment and poverty.
- Continued reformation in local government.
- Backlog in infrastructure

3.1 WATER PROVISION

3.1.1 INTRODUCTION TO WATER PROVISION

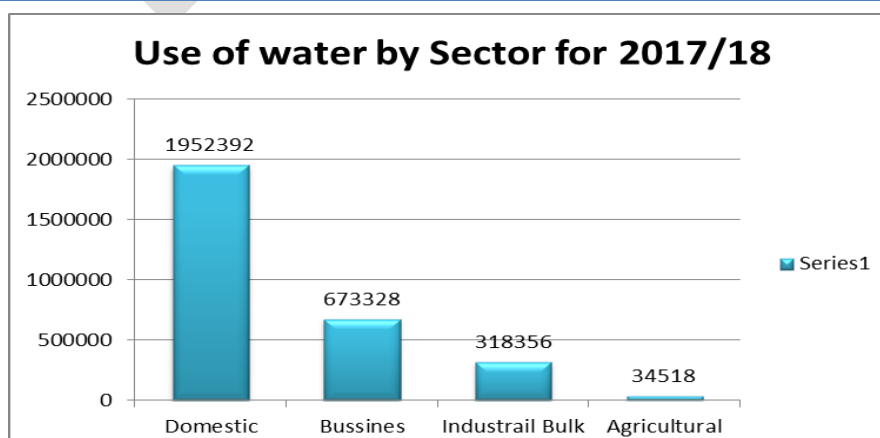
Theewaterskloof Municipality is the Water Service Authority for its service area. All residents in urban areas in the service area of the municipality have access to water services and free basic water is provided to all. It is however estimated that there might still be households on the farms in the rural areas with existing service levels below RDP standards. This estimate the service levels on the farms can only be verified through a detailed survey.

3.1.2 INTRODUCTION TO WATER PROVISION

Total Use of Water by Sector (cubic meters)

	Agriculture	Forestry	Industrial	Industrial Bulk	Domestic	Unaccountable water losses
2016/2017	0	0	544342		1327515	1362114 / 25.2%
2017/2018	34518	0	673328	318356	1952392	851 494 / 18%

T3.1.2



3.1.3 INTRODUCTION TO WATER PROVISION

The table below indicates the different water services delivery levels per household in all formal areas for the financial years 2014/15 to 2017/18.

Water Service Delivery Levels			Households	
Description	Year 2014/15	Year 2015/16	Year 2016/17	Year 2017/18
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	21,616	25,111	29,745	29,745
Piped water inside yard (but not in dwelling)	–	–	–	–
Using public tap (within 200m from dwelling)	4833	4634	1840	1840
Other water supply (within 200m)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	26,449	29,745	31,585	31,585
<i>Minimum Service Level and Above Percentage</i>	99.77%	100.00%	87%	87%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	0	0	0	0
Other water supply (more than 200m from dwelling)	0	0	4,907	4,907
No water supply	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	61	0	4,907	4,907
<i>Below Minimum Service Level Percentage</i>	0.23%	0%	13%	13%
Total number of households*	26,510	29,745	36,492	36,492
* - To include informal settlements				T3.1.3

3.1.4 HOUSEHOLD WATER SERVICE DELIVERY LEVELS BELOW MINIMUM

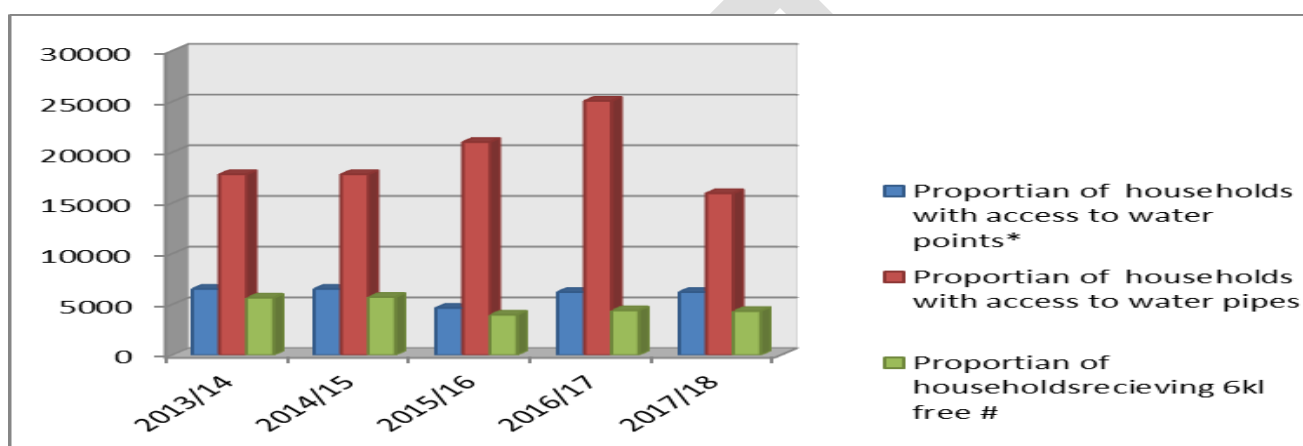
Households - Water Service Delivery Levels below the minimum						
Description	Households					
	2015/16	2016/17	2017/18	2017/18		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	29,745	29,745	29,745	29,745	29,745	29,745
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	4740.00	6747.00	6747.00	6747.00	6747.00	6747.00
Households ts below minimum service level	0.00	5393.50	4907.00	4907.00	4907.00	4907.00
Proportion of households ts below minimum service level	0%	80%	73%	73%	73%	73%
T3.1.4						

3.1.5 ACCESS TO WATER

	Proportion of households with access to water points*	Proportion of households with access to water pipes	Proportion of households receiving 6kl free #
2013/14	6514	17815	5642
2014/15	6514	17815	5719
2015/16	4634	21000	3972
2016/17	6212	25061	4399
2017/18	6212	15950	4335

* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute.

6,000 litres of potable water supplied per formal connection per month



3.1.6 EMPLOYEES WATER SERVICES

Employees: Water Services					
Job Level	Year 2016/2017		Year 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	15	15	15	0	0%
4 - 6	17	17	17	0	0%
7 - 9	11	11	11	0	0%
10 - 12	4	4	2	2	50%
13 - 15	4	4	2	2	50%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	51	51	47	4	8%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

3.1.7 FINANCIAL PERFORMANCE: WATER SERVICES

Financial Performance: Water Distribution					
R'000					
Details	Year 2016/17	Year 2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(74 130)	(58 460)	(62 160)	(67 683)	9%
Expenditure:					
Employees	9,449	11,638	11,655	10,237	-12%
Repairs and Maintenance	3,661	3,577	2,908	2,836	-2%
Other	34,604	34,455	31,414	36,010	15%
Total Operational Expenditure	47,714	49,670	45,977	49,083	7%
Net Operational Expenditure	(26 417)	(8 790)	(16 182)	(18 600)	15%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.1.8

3.1.8 CAPITAL EXPENDITURE: WATER SERVICES

Capital Expenditure Year: Water Distribution					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	17,230	28,909	25,519	-12%	
Drought Relieve - RSE	1,754	1,754	1,241	-29%	
Nuwe Steenbras Reservoir, G'B	–	1,017	1,011	-1%	
Refurbishment and upgrading of the existing borehole Grey/Gen	–	2,700	2,131	-21%	
Grabouw Beverley Hills (Waterworks) low cost housing project	–	,619	,102	-83%	
Villiersdorp water treatment works upgrade: feasibility study	,351	,351	,233	-34%	
Water source development, Genadendal	,219	,219	,202	-8%	
Destiny: Bulk water - Villiersdorp	2,502	2,502	2,500	0%	
Water source development, Tesselaarsdal	,605	1,705	1,388	-19%	
Repair and Replace Water pre-paid meters	2,500	5,208	4,433	-15%	
Drought Relieve - Caledon	9,298	9,298	9,255	0%	

Caledon borehole	–	,400	,137	-66%
Drilling of borehole Vdorp	–	,400	,322	-20%
Drilling of borehole RSE	–	,88	,70	-20%
Drilling of borehole Genadendal	–	1,912	1,941	2%
Drilling of borehole Greyton	–	,139	,99	-29%
Drilling of borehole Bereaville	–	,595	,454	-24%

3.1.9 COMMENT ON WATER SERVICE PERFORMANCE OVERALL

All residents on formal erven in the urban areas of Theewaterskloof Municipality's Management Area have access to water services and free basic water is provided to all indigent households. Households in informal areas are provided with communal services as an intermediary measure. There are two informal areas in Villiersdorp and one informal area in Grabouw without any basic water or sanitation services (communal taps and ablution facilities). It is also estimated that there might still be households on the farms in the rural areas with existing service levels below RDP standards, which can only be verified through a detailed survey. Theewaterskloof Municipality is committed to ensure that private landowners provide at least basic water and sanitation services to those households in the rural areas with existing services below RDP standard once clear and practical policy guidelines are made available from the DWS and funding is made available.

Theewaterskloof Municipality's Maintenance Team mainly performs their own repair and preventative maintenance work to the equipment and infrastructure of the Municipality, except when specialised repair work is required, in which case the work is sub-contracted to approved sub-contractors on the municipal database.

Water Safety Plans for the various distribution systems are in place. The Water Safety Plan Team of Theewaterskloof Municipality is committed to meet regularly to review the implementation of all the aspects of the Water Safety Plan to ensure that they are still accurate and to determine whether the field assessments need updates or modifications and whether the Incident Response Management Protocol is still adequate. In addition to the regular three year review, the Water Safety Plan will also be reviewed when, for example, a new water source is developed, major treatment improvements are planned and brought into use, or after a major incident.

A detailed risk assessment was executed. This step of the Water Safety Plan establishes the risk that the water quality standard will not be met as well as the consequences if the standard is not complied with. All the potential hazards and hazardous events were identified. The impact of each of the hazards or hazardous events were characterised by assessing the severity of the likely health outcome and the probability of occurrence. An Improvement / Upgrade Plan was compiled for all the existing significant risks, where the existing controls were not effective or absent. Each identified improvement was linked to one of the Water Safety Plan Team members to take responsibility for implementation together with an appropriate time frame for implementation of these controls.

Incident Response Management Protocols are in place and forms part of Theewaterskloof Municipality's Water Safety Plan. The Incident Response Management Protocol entails that certain reactive procedures are followed when an incident occurs, such as a water quality failure, pipe burst or pump failure.

3.2 WASTE WATER (SANITATION) PROVISION

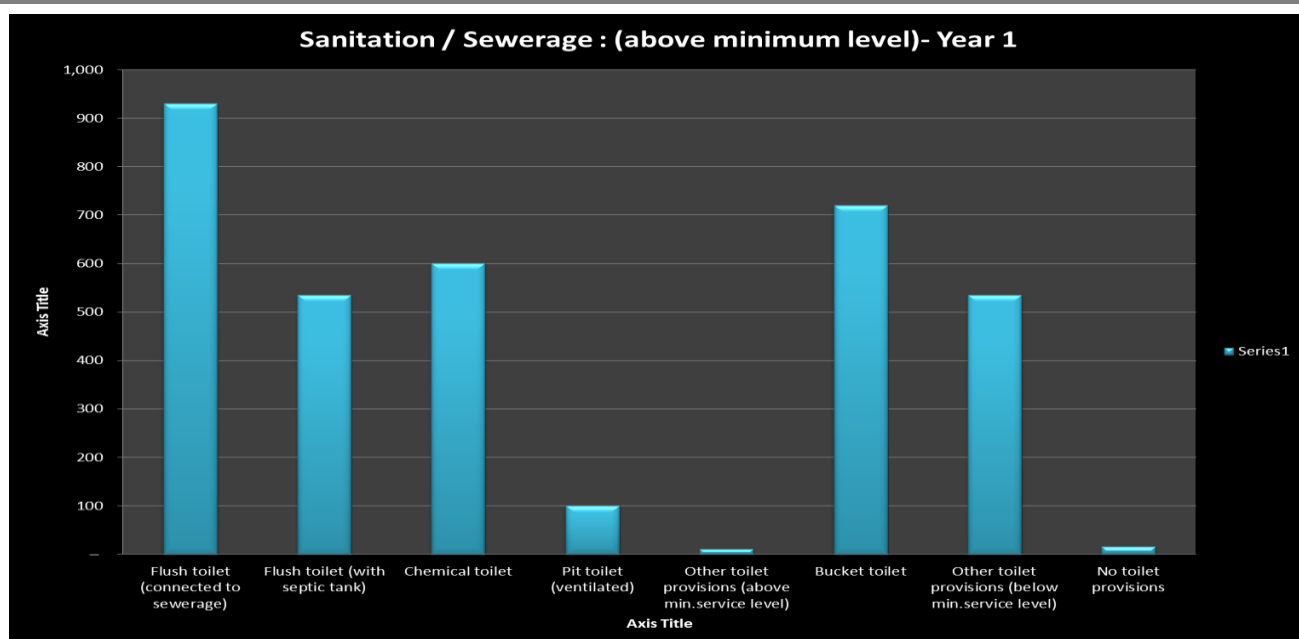
3.2.1 INTRODUCTION TO SANITATION PROVISION

Sewer is conveyed to the treatment facilities either by a water borne collector system or vacuum tanker service. Sewer services are available throughout the whole service area of the Theewaterskloof Municipality and free basic sewer services are provided to registered indigent households. Ensuring that sufficient treatment capacity is available for present and future demand is a key focus area for the municipality. The municipality is also thriving to comply as best to the Green drop standards as set out by the Department of Water and Sanitation. Upgrading of waste water treatment facilities is multiyear projects

All the formal households in the urban areas are provided with sanitation facilities inside the house (higher level of service). A communal ablution facility is provided in the informal areas as a temporary emergency service and is above minimum standards.

3.2.2 SANITATION SERVICE DELIVERY LEVELS

Sanitation Service Delivery Levels				
Description	Year 2014/15	Year 2015/16	Year 2016/17	*Households Year 2017/18
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	21,616	22,820	29,745	29,745
Flush toilet (with septic tank)	4,833	1,304	867	867
Chemical toilet				
Pit toilet (ventilated)				
Other toilet provisions (above min.service level)				
<i>Minimum Service Level and Above sub-total</i>	26,449	24,124	30,612	30,612
<i>Minimum Service Level and Above Percentage</i>	100.0%	87.93%	87.7%	87.7%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet				
Other toilet provisions (below min.service level)	0	4634	4309	4309
No toilet provisions	0	0		
<i>Below Minimum Service Level sub-total</i>	0	3,310	4,309	4,309
<i>Below Minimum Service Level Percentage</i>	0.0%	12.1%	12.3%	12.3%
Total households	26,449	27,434	34,921	34,921
*Total number of households including informal settlements				T3.2.3



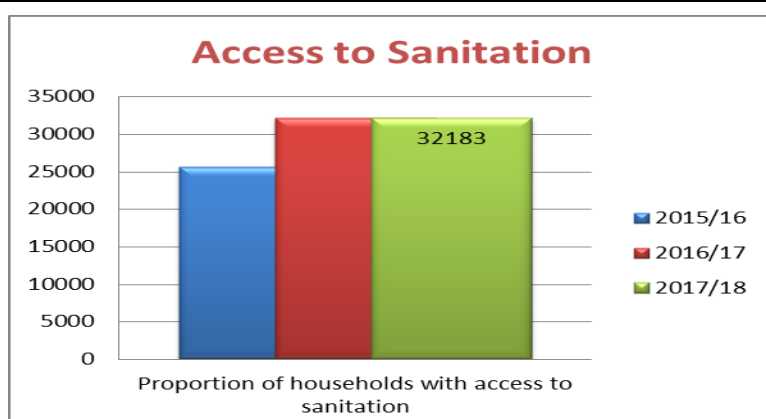
3.2.3 HOUSEHOLD: SANITATION SERVICE DELIVERY LEVELS BELOW MINIMUM

Households - Sanitation Service Delivery Levels below the minimum						
Description	'2014/15	'2015/16	'2016/17	'2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements	-	-	-	-	-	-
Total households	21,616	21,000	29,745	29,745	29,745	29,745
Households below minimum service level	0	3,310	0	0	0	0
Proportion of households below minimum service level	0%	12%	0%	0%	0%	0%
Informal Settlements	-	-	-	-	-	-
Total households	4,833	4,634	6,747	6,747	6,747	6,747
Households below minimum service level	0	0	4,309	4,309	4,309	4,309
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%

T3.2.4

3.2.4 ACCESS TO SANITATION

Access to Sanitation	
	Proportion of households with access to sanitation
2015/16	25634
2016/17	32183
2017/18	32183



3.2.5 EMPLOYEES: SANITATION

Employees: Sanitation Services					
Job Level	2016/2017	YEAR 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	33	33	32	1	3%
4 - 6	15	15	13	2	13%
7 - 9	10	10	9	1	10%
10 - 12	3	3	3	0	0%
13 - 15					-
16 - 18					-
19 - 20					-
Total	61	61	57	4	7%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

3.2.6 FINANCIAL PERFORMANCE: SANITATION SERVICES

Financial Performance : Waste Water Management					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(31 703)	(35 599)	(34 899)	(33 936)	-3%
Expenditure:					
Employees	8,992	8,907	8,947	9,692	8%
Repairs and Maintenance	4,438	4,418	4,403	3,637	-17%
Other	17,697	18,794	18,663	17,811	-5%
Total Operational Expenditure	31,127	32,119	32,013	31,140	-3%
Net Operational Expenditure	(576)	(3 480)	(2 887)	(2 796)	-3%
<p><i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i></p>					T3.2.8

3.2.7 CAPITAL EXPENDITURE: SANITATION SERVICES

Capital Expenditure: Waste Water Management					R' 000
Capital Projects	Year 2017/18				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	17,032	19,305	12,708	-34%	
New Bulk outfall sewer system for proposed low-cost development at Caledon	10,284	10,284	7,989	-22%	
Upgrade of waste water treatment works, V'D	–	1909	1711	-10%	
New bulk sewer system for the proposed low-cost development at Destiny Farm,V'D	1,551	1,551	1,510	-3%	
New bulk sewer pipe line for low-cost housing development at Water Works,G'B	–	364	108	-70%	
Upgrade Waste Water Treatment Works, Caledon	5,197	5,197	1391	-73%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.2.9

3.2.8 SANITATION SERVICES PERFORMANCE OVERALL

The completed upgrading of Grabouw, Villiersdorp waste water treatment plants, this was once blockages in the development of these towns. Caledon waste water treatment plant Upgrade is currently underway, phase 1 (inlet works have commenced). This is a multi-year project and will only be completed in 2021/22 financial year. The upgrading to the main outfall sewer in Caledon first phase is completed and in Villiersdorp phase 2 completed, these are also priority to prevent any blockages of the development of the towns due to capacity constraints.

These projects are multiyear projects and are budgeted for.

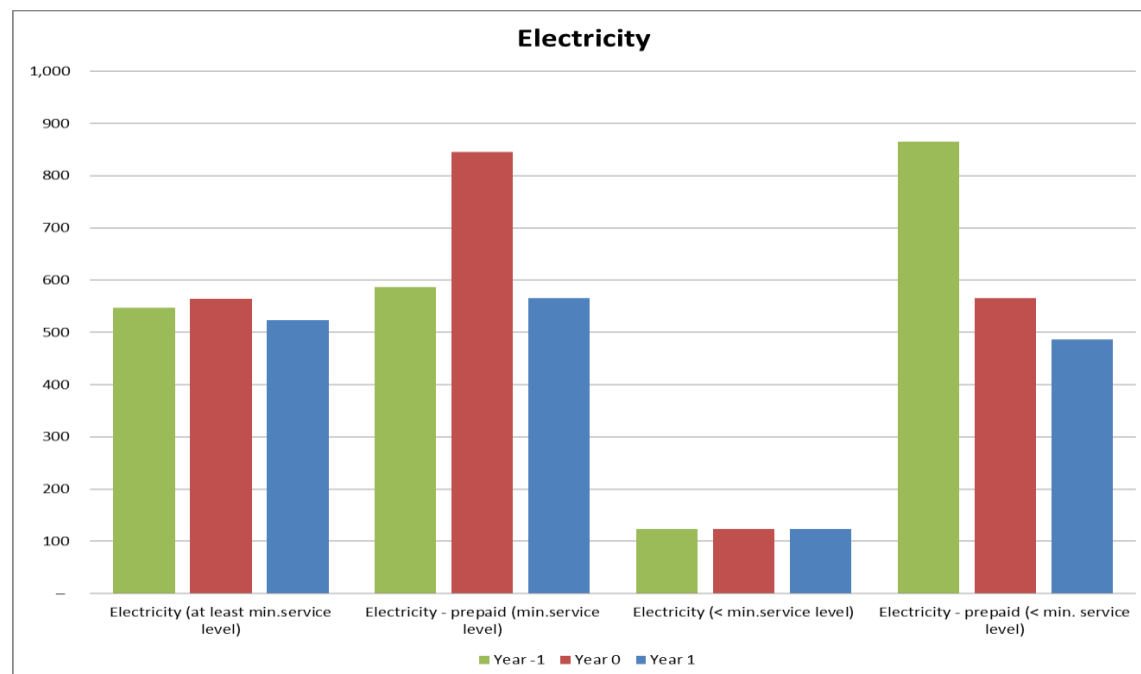
3.3 ELECTRICITY

1. The Electrical Department is committed to supply existing and new customers with electrical energy of acceptable quality in a safe and sustainable way.
2. Upgrade switching equipment in Cemetery Switching Station, Caledon
3. Replace Switching Station at Viljoen engineering in Villiersdorp.
4. Network upgrade of ringfeed cable Van Schalkwyk street phase 1 and replace overhead line with underground cable in De La Vigne street phase 2
5. 350 informal houses electrified in Villiersdorp.
6. Maintenance remains priority.
7. Eskom is delivering electrical services in towns of Grabouw, Botriver, Genadendal and Tesselaarsdal.

For year 2018/2019

1. Planning and design of network upgrade to accommodate new extensions for Destiny in Villiersdorp.

3.3.1 ELECTRICITY SERVICE DELIVERY LEVELS



Electricity Service Delivery Levels				
Description	Households			
	Year -2012/13	Year 2013/14	Year 2014/15	Year 2017/2018
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	2,552	2,159	1,174	32
Electricity - prepaid (min.service level)	2,697	3,101	4,864	7,700
Minimum Service Level and Above sub-total	5,249	5,260	6,038	7,732
Minimum Service Level and Above Percentage	100.0%	100.0%	100.0%	100.0%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)				
Electricity - prepaid (< min. service level)				
Other energy sources				
Below Minimum Service Level sub-total	0	0	0	0
Below Minimum Service Level Percentage	0.0%	0.0%	0.0%	0.0%
Total number of households	5,249	5,260	6,038	7,732

T3.3.3

3.3.2 EMPLOYEES ELECTRICITY SERVICES

Employees: Electricity Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	8	8	7	1	13%
4 - 6	2	2	2	0	0%
7 - 9	3	3	3	0	0%
10 - 12	5	5	5	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	-
Total	20	20	19	1	5%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T3.3.6					

3.3.3 FINANCIAL PERFORMANCE: ELECTRICITY SERVICES

Financial Performance : Electricity Distribution					
					R'000
Details	`2016/17		`2017/18		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	(85 212)	(87 442)	(91 942)	(82 960)	-10%
Expenditure:					
Employees	5,731	6,539	6,522	6,296	-3%
Repairs and Maintenance	1,263	3,958	1,296	1,931	49%
Other	62,085	62,849	62,990	62,500	-1%
Total Operational Expenditure	69,079	73,346	70,808	70,727	0%
Net Operational Expenditure	(16,133)	(14,096)	(21,134)	(12,233)	-42%
<p><i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i></p>					T3.3.7

3.3.4 CAPITAL EXPENDITURE: ELECTRICITY SERVICES

Capital Expenditure Year 2017/18: Electricity Services					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14,009	15,157	14,183	-6%	
High mast lighting,G'B	1000	1300	1154	-11%	
Replace and upgrade MV networks and miniature substation, Caledon	888	968	917	-5%	
Upgrading Cemetery switching station, Caledon	2 562	2 872	2 725	-5%	
Replace switching station Viljoen Engineering, Villiersdorp	495	546	483	-11%	
Complete ring supply to Van Schalkwyk PHASE1, Greyton/Genadendal	990	1,320	1 271	-4%	
Replace overhead line Da La Vigne PHASE2, Riviersonderend	574	651	574	-12%	
Upgrading of Bulk Electrical Infrastructure,V'D	7500	7 500	7 057	-6%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T3.3.8

Projects were completed within the allocated time and budget limits.

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTION, WASTE DISPOSAL, CLEANING AND RECYCLING)

3.4.1 INTRODUCTION TO WASTE MANAGEMENT

Theewaterskloof Municipality is committed to a system of waste management that will see the least possible amount of waste going to modern engineered landfills. This will be achieved through the use of education, law enforcement and material recovery and treatment plants. New and emerging technologies, where applicable and affordable, will also play a part in overall waste management.

The analysis of the current waste management system has shown the following:

- ❖ all formal residential erven are receiving a weekly door-to-door waste collection service
- ❖ all collected municipal waste in the Riviersonderend service area is disposed at the municipality's waste disposal site in Riviersonderend. This site has received a closure license and is due closure by 2019 (extension can be requested).
- ❖ all collected municipal waste in the Genadendal and Greyton service areas are disposed at the municipality's Genadendal and Greyton waste disposal sites. These sites have received closure licenses and are due closure by 2019 (extension can be requested).

- ❖ all collected waste in Caledon, Tesselaarsdal and Botrivier are disposed at the municipality's licensed Caledon landfill.
- ❖ All collected waste in Grabouw, Villiersdorp are disposed at the Regional landfill site Karwyderskraal.
- ❖ Waste recovery is currently only done in Villiersdorp and investigation to implement it in Grabouw, Caledon and RSE is underway.
- ❖ waste avoidance is not currently addressed
- ❖ Caledon, Greyton, Genadendal and RSE landfill, Villiersdorp and Grabouw Transfer Stations are currently externally audited for permit/license compliance
- ❖ the Villiersdorp landfill has been closed, but not yet rehabilitated
- ❖ The latest by-laws on waste management were promulgated in 2015.
- ❖ External Service provider is used to collect waste from Grabouw, Villiersdorp, Botrivier and Tesselaarsdal and delivered to the Regional Landfill Karwyderskraal. All other dumping of waste is done internally.

Top priorities for Waste Management are the rehabilitation of landfill sites at Riviersonderend, Greyton and Genadendal, and the establishment of two Transfer stations. Waste avoidance through education and public awareness is also listed as a top priority.

Landfill, internal and external audits are done at Caledon, Greyton, Genadendal and RSE Landfill sites and at Grabouw transfer station and Villiersdorp Transfer station.

3.4.2 SOLID WASTE SERVICE DELIVERY LEVELS

Solid Waste Service Delivery Levels				
Description	2014/15	2015/16	2016/17	Households 2017/18
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	26,449	26,938	36,492	36,492
<i>Minimum Service Level and Above sub-total</i>	26,449	26,938	36,492	36,492
<i>Minimum Service Level and Above percentage</i>	100.0%	100.0%	100.0%	100.0%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	0.82	0.82		
Using communal refuse dump	1.37	1.37		
Using own refuse dump	6.82	6.82		
Other rubbish disposal				
No rubbish disposal	0.38	0.38		
<i>Below Minimum Service Level sub-total</i>	9.39	9.39	0.00	0.00
<i>Below Minimum Service Level percentage</i>	0.0%	0.0%	0.0%	0.0%
Total number of households	26,458	26,947	36,492	36,492
				T3.4.2

3.4.3 HOUSEHOLDS: SOLID WASTE SERVICE DELIVERY LEVELS BELOW MINIMUM

Households - Solid Waste Service Delivery Levels below the minimum						Households
Description	2014/15	2015/16	2016/17	2017/18		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	21,616	26,938	29,745	29,745	29,745	29,745
Households below minimum service level	–	–				
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	21616	26938	6,747	6,747	6,747	6,747
Households below minimum service level						
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
						T3.4.3

3.4.4 EMPLOYEES SOLID WASTE MANAGEMENT (STREET CLEANSING)

Employees: Solid Waste Management Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	75	75	73	2	3%
4 - 6	3	3	3	0	0%
7 - 9	12	12	10	2	17%
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	-
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	92	92	88	4	4%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T3.4.5					

3.4.5 FINANCIAL PERFORMANCE: WASTE MANAGEMENT SERVICES

Financial Performance : Solid Waste Management Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(34 496)	(36 439)	(35 439)	(37 096)	5%
Expenditure:					
Employees	12,348	14,495	13,781	14,021	2%
Repairs and Maintenance	1,836	3,255	1,803	2,919	62%
Other	30,011	28,206	12,087	25,045	107%
Total Operational Expenditure	44,195	45,956	27,671	41,985	52%
Net Operational Expenditure	9,698	9,517	(7 768)	4,889	-163%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.4.7

3.4.6 CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES

Capital Expenditure : Waste Management Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4,518	2,660	1 291	-51%	
Upgrade Waste Drop off, RSE	,132	,554	553	0%	
New Waste Transfer Station, Caledon	4386	2,107	738	-65%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.4.9

3.4.7 COMMENT ON WASTE MANAGEMENT SERVICES PERFORMANCE OVERALL

The Basic Assessment for Caledon Waste Transfer Station and Material Recovery Facility was completed. Funding was secured for Caledon and Riviersonderend Waste Transfer Facilities. The tender for the fencing for the future Transfer facility at Caledon was advertised and a contractor was appointed. The installation of the fencing commenced. The design of the structure for Caledon and Riviersonderend Waste Transfer station was completed. The recycling project in Villiersdorp commenced. The average recycling for 2017/18 financial year was 3.5%. The tender for haulage of waste was advertised, which includes the chipping of green waste to increase diversion.

3.5 HOUSING

3.5.1 INTRODUCTION TO HOUSING

The Housing Department is responsible for developing Sustainable Integrated Human Settlements in the Theewaterskloof Municipal Area. Due to limited funding sources and the growing demand for housing opportunities the department is focusing on the incremental upgrading of informal settlement through the provision of basic services. In order to address the huge backlog council has started shifting its focus from providing housing to investigating the possibility of providing service plots.

3.5.2 SUMMARY OF HOUSES BUILT

The table below indicates the summary of houses built and also reveals the losing battle faced by the municipality in providing housing as the waiting list continues to increase.

Year end	Number of Housing Units on Waiting list	Number of Houses built	Number of serviced sites
2014/15	12912	400	251
2015/16	10727	473	134
2016/17	10006	231	32
2017/18	11608	157	103

The rapid increase in the demand and the continuous growth of informal settlements indicates the amount of houses delivered annually cannot address the growth in the housing demand.

3.5.3 EMPLOYEES: HOUSING SERVICES

Employees: Housing Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	5	5	4	1	20%
10 - 12	8	8	8	0	0%
13 - 15	0	0	0	0	-
16 - 18	1	1	0	1	100%
19 - 20	0				-
Total	14	14	12	2	14%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.5.4					

3.5.4 FINANCIAL PERFORMANCE: HOUSING SERVICES

Financial Performance: Housing Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(19 235)	(72 621)	(79 441)	(16 858)	-79%
Expenditure:					
Employees	4,529	3,702	3,702	3,752	1%
Repairs and Maintenance	11	2	2	590	29399%
Other	8,241	36,317	36,223	,317	-99%
Total Operational Expenditure	12,781	40,021	39,927	4,659	-88%
Net Operational Expenditure	(6,453)	(32,600)	(39,514)	(12,200)	-69%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.5.5

3.5.5 CAPITAL EXPENDITURE: HOUSING SERVICES

Capital Expenditure : Housing Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	36,381	37,760	14,937	-60%	
Low Cost Housing	36,381	37,760	14,937	-60%	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T3.5.6

Hillside Housing Project**Rooidakke Extension, Grabouw****3.5.6 COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICES OVERALL**

The Housing Department is responsible for developing Sustainable Integrated Human Settlements in the Theewaterskloof Municipal Area. Due to limited funding sources and the growing demand for housing opportunities the department is focusing on the incremental upgrading of informal settlement through the provision of basic services. Informal settlements in the Theewaterskloof area are growing at a rapid rate with the influx of people seeking seasonal employment as one of the main contributing factors. Provision of basic services in some area is particularly difficult as the capacity of municipal bulk infrastructure cannot be sustained with the constant growth of these settlements.

Human Settlements Performance 2017/18

Delivery is set by the Department of Human Settlements aligned with the Human Settlements Development Grant provided to the municipality.

Theewaterskloof	Planned Outputs 2017/18		Actual Delivery	
	Sites	Houses	Sites	Houses
Grabouw Rooidakke (1169)	100	200		133
Grabouw Hillside (348)		25		24
Riviersonderend (140) UISP	103	20	103	
Caledon Side Saviwa (220+29)	0	32		
SUB TOTAL	203	277	103	157

Capital Projects

Capital projects refer to the planning and installation of civil engineering services for a housing development. Various capital projects were implemented during the 2017/18 financial year with the upgrading of the Joe Slovo informal settlement in Riviersonderend being allocated the highest funding. This project will yield 135 sites and 135 low cost housing opportunities.

Planned Future Human Settlements Delivery

Project	Planned Outputs	
	2018/19	
	Sites	Houses
Grabouw Rooidakke (1169) Tops		100
Grabouw Rooidakke Irak (464)	456	
Grabouw Rooidakke Ext (Balance of 4300)		
Grabouw Hillside (348) (121 Plus 227)		25
Caledon Side Saviwa (remainder)		32
Riviersonderend (135) UISP		
Botrivier New France (226)		
Caledon Side Saviwa (790) (Riemvasmaak)		
Greyton Erf 595 (80)		
Botriver Community Hall		
SUB TOTAL	456	157
Allocation :	R61,2m	

Grabouw Iraq 456

This project forms part of the municipality's informal settlements upgrading plan. This project will be an enhanced service site project meaning that each site will have an ablution facility, water point and electricity connection. Top structures will only provide to the most deserving

and vulnerable beneficiaries prioritised in line with the council approved beneficiary selection and allocation policy.

Project Planning

Funding for the pre-planning and feasibility studies on various projects was allowed for on the 2018/19 budget which is earmarked to significantly reduce the housing demand backlog in the entire Theewaterskloof area.

Caledon Extension (Riemvasmaak)

This project is earmarked to significantly reduce the housing demand backlog for the town of Caledon. It is estimated that this project will yield 790 serviced sites.

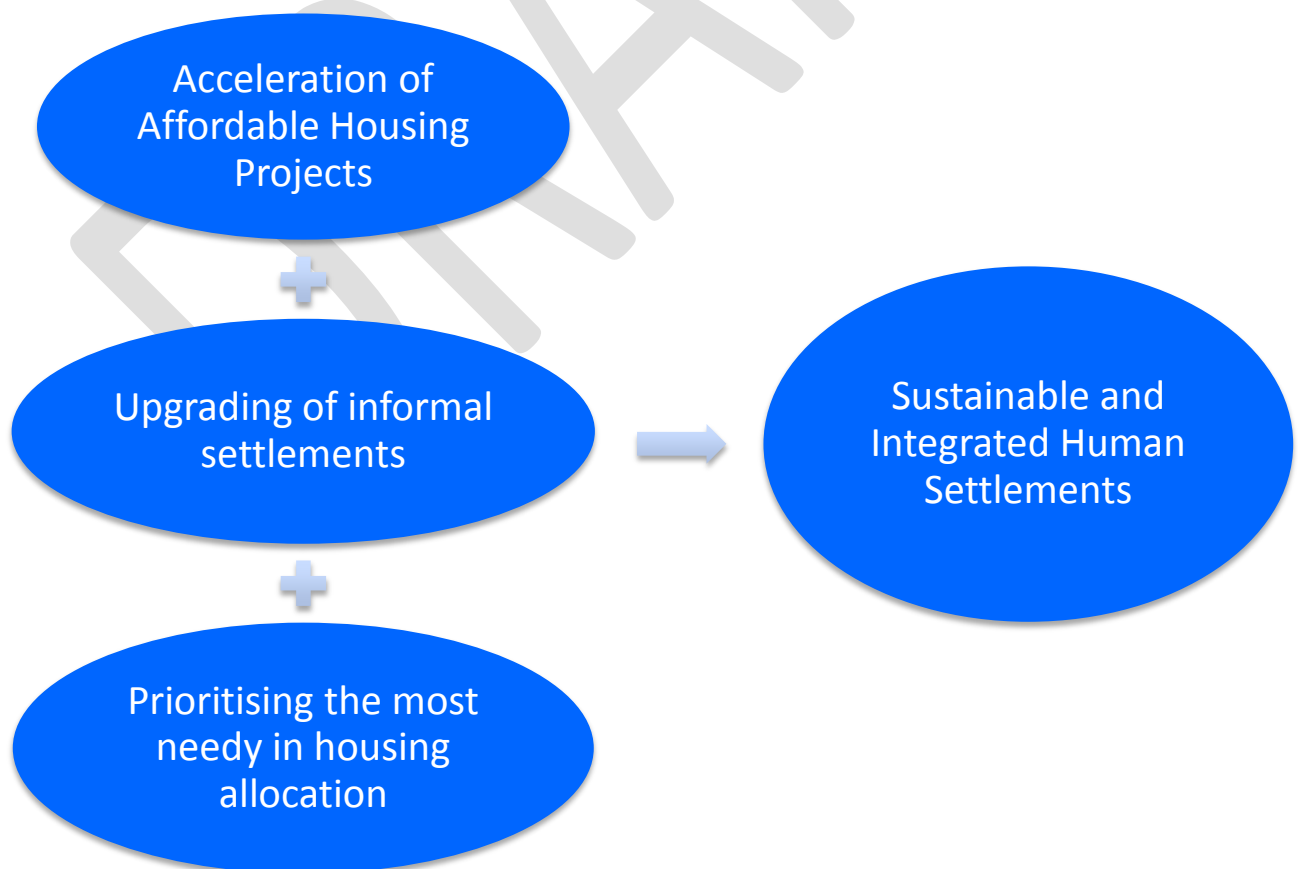
Greyton Erf 595

This project is earmarked to significantly reduce the housing demand backlog for the entire Greyton area. It is estimated that this project will yield 165 serviced sites.

Grabouw Rooidakke Extension

This project is earmarked to significantly reduce the housing demand backlog for the entire Grabouw area. It is estimated that this project will yield 7000 serviced sites.

The Theewaterskloof Municipality remains committed the provision of sustainable integrated human settlements delivery in line with the strategic objectives set out by the Department of Human Settlements.



3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

3.6.1 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The following table indicates the percentage of indigent households that have access to free basic municipal services. In accordance with the approved indigent policy of the municipality the following qualifying criteria apply: a household where the combined or joint gross income of all occupants/residents/dependents, over the age of 18 years or who have potential earning capacity, is less than twice the monthly pension grant and can no longer afford to pay for the services provided by the council (subject to verification by Ward Councillor in consultation with the Ward Committee).

The "Spouse support/Care Grant" or "Child support Grant" should not be added to the Indigent Qualifying income threshold.

The municipality provides the following Free Basic Services to indigent households:

- Water: 6kl (all households)
- Electricity: 70kwh
- Weekly refuse Removal
- Free Sanitation

The table below indicates the number of households that have access to free basic services

Free Basic Services To Low Income Households										
	Number of households									
	Total	Households earning less than R 3 200 per month (Registered Indigents)								
		Free Basic Water			Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%	Access	%	Access	%
2015/16	28 884	4225	3972	94%	4151	98%	1842	44%	4215	100%
2016/17	33 097	4399	2311	53%	4316	98%	1979	45%	4366	99%
2017/18	33 097	5373	2391	45%	4097	76%	2076	39%	4163	77%
T 3.6.3										

Please note that TWK Municipality does not provide Electricity in all 8 towns - Eskom provide in Grabouw, Genadendal, Botriver and Tesselaarsdal.

3.6.2 FINANCIAL PERFORMANCE: FREE BASIC SERVICES DELIVERED

Financial Performance: Cost to Municipality of Free Basic Services Delivered					
R '000					
Services Delivered	2016/17	2017/18			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	2,604	2,544	4,244	3,193	-25%
Waste Water (Sanitation)	6,096	5,823	6,523	6,371	-2%
Electricity	4,734	2,266	2,266	2,744	21%
Waste Management (Solid Waste)	6,947	6,663	7,663	7,151	-7%
Total	20,381	17,296	20,696	19,459	-6%
T3.6.4					

3.6.3 COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT

In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

The extent of the monthly support will be determined by the council's budgetary provisions and/or the amount received from central government. The relevant services include:

- water
- refuse collection
- electricity
- sewerage

The first R100 000 of the value of an indigent house is exempt from property rates.

The council will assess the level of support annually during the annual budget compilation and the level of indigent support shall not exceed the monthly billings to the account.

Water leakages at indigent households premises will be fixed by Council at no cost provided that leaks are reported (completing of a leaks register at the local town office)

Sewerage blockages may be effected free of charge for indigent households.

Pre-paid electricity and water flow limited meters were installed for indigent households at no cost to the consumer.

The free basic services were funded from the "equitable share" grant received from National Treasury plus an amount from the municipality's own income as budgeted for in the financial year under review.

2016/2017 Indigent Cost

Indigent			
Services	Tariff	Equitable Share Allocation	Total Cost per Indigent
Sewerage	118.6	85.24	33.36
Water	115.46	107.31	8.15
Electricity (70 free units)	109.42	70.97	38.45
Refuse	133.68	71.45	62.23
Total Cost per Indigent	477.16	334.97	142.19

2017/2018 Indigent Cost

Indigent			
Services	Tariff	Equitable Share Allocation	Total Cost per Indigent
Sewerage	147.6	90.43	57.17
Water	143.6	116.66	26.94
Electricity (70 free units)	127.09	76.14	50.95
Refuse	163.2	75.81	87.39
Total Cost per Indigent	581.49	359.04	222.45

The table above clearly indicates that the cost to deliver free basic service exceeds the funding received from National Treasury. The municipality is subsidizing indigent household with R222, 45 per household. This demonstrates and confirms our view that the equitable share formula must be reviewed. The municipal expenditure on free basic service decreased from 20,381m to 19,459m in 2017/18.

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS**3.7.1 INTRODUCTION TO ROADS**

The municipality have the mandate from Government to perform all relevant services regarding roads and storm water in those areas included within its jurisdiction. Roads outside the town areas are still the responsibility of the Overberg District Municipality.

The municipality have updated its Pavement Management System (PMS) and the system is used as a network level tool.

Due to ageing of current infrastructure the focus has shifted from only upgrading of roads from gravel to paved, and now also includes rehabilitation, resealing and maintenance projects funded out of capital funding.

Roads are being upgraded on a contract basis. A five year maintenance programme with priorities and budgets is available in the PMS as well as Integrated Transport Plan. There is little provision for pedestrian and bicycle travel in the municipal area apart from conventional sidewalks in the central business districts.

There are no facilities on rural roads for non-motorized transport.

Hemel en Aarde Valley**3.7.2 GRAVEL ROAD INFRASTRUCTURE**

Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Kilometres Gravel roads graded/maintained
Year 2015/16	98.80	0.00	0	98.8
Year 2016/17	98.80	0.00	1.50	100.3
Year 2017/18	101.00	2.20	0.30	103.5
				T3.7.2

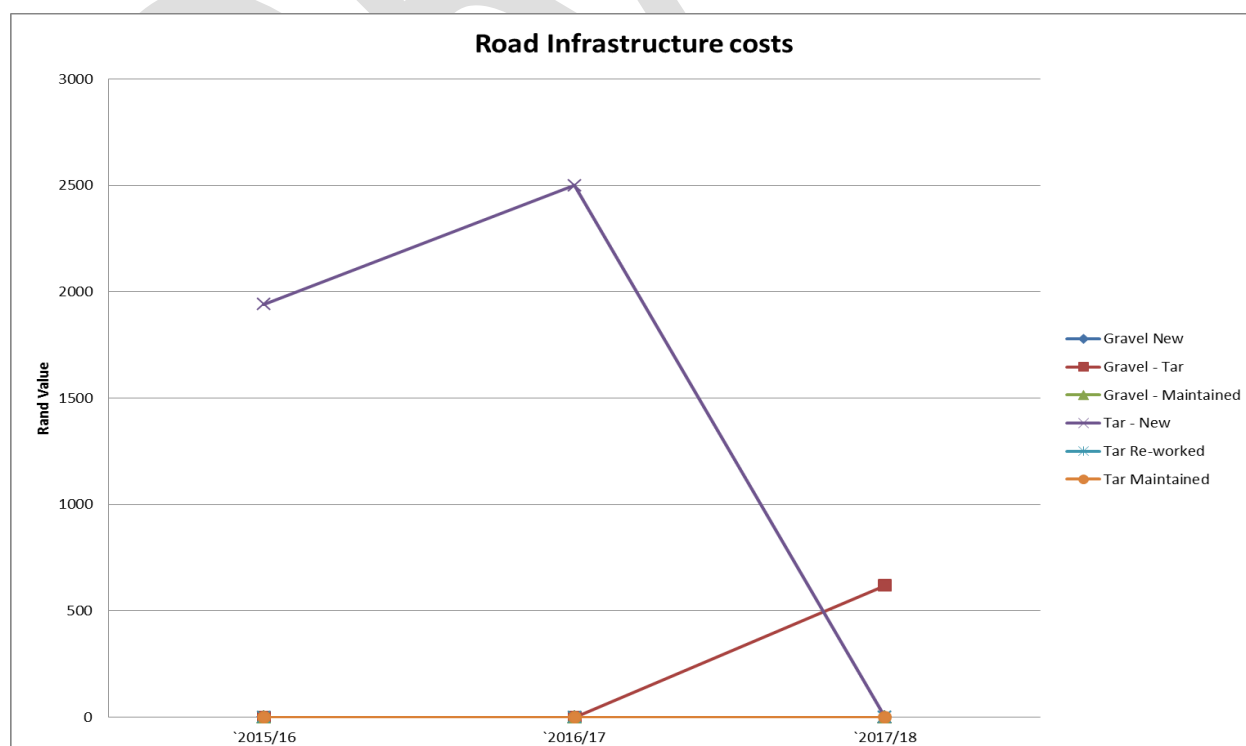
3.7.3 TARRED ROAD INFRASTRUCTURE

Asphalt Road Infrastructure					
					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2015/16	161	3	0	0	operations
2016/17	163	1.5	0	0	operations
2017/18	163	0.3	0	0	operations
					T3.7.3

3.7.4 COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance						
						R' 000
	Gravel			Tar		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
'2015/16	0	0	operations	1941	0	operations
'2016/17	0	0	operations	2500	0	operations
'2017/18	0	620	operations	0	0	operations
						T3.7.4

3.7.5 ROAD INFRASTRUCTURE COSTS



3.7.6 EMPLOYEES: ROAD SERVICES

Employees: Road Services					
Job Level	2016/2017	YEAR 2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	54	54	53	1	2%
4 - 6	16	16	16	0	0%
7 - 9	13	13	12	1	8%
10 - 12	10	10	8	2	20%
13 - 15	8	8	8	0	0%
16 - 18	2	2	2	0	0%
19 - 20					-
Total	103	103	99	4	4%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					

T3.7.7

3.7.7 FINANCIAL PERFORMANCE: ROAD SERVICES

Financial Performance : Road Services					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(5 898)	(5 913)	(10 384)	(5 448)	-48%
Expenditure:					
Employees	14,878	19,681	19,681	17,781	-10%
Repairs and Maintenance	7,310	4,705	6,774	4,723	-30%
Other	8,166	6,781	6,784	8,931	32%
Total Operational Expenditure	30,353	31,167	33,238	31,434	-5%
Net Operational Expenditure	24,455	25,254	22,854	25,986	14%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.7.8

3.7.8 CAPITAL EXPENDITURE: ROAD SERVICES

Capital Expenditure: Road Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9 820	15 048	10 465	-30%	
Upgrade of storm water systems in the TWK municipal area	4 035	–	–	0%	
Purchase of land for access road to the site from DTPW, Caledon	100	100	–	-100%	
Grabouw pick up and drop off zone		4,470		-100%	
Destiny access road, V'D	5 159	9,951	9 881		
Housing upgrade Disa Street, Riviersonderend	526	526	584	11%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.7.9

3.7.9 COMMENT ON THE PERFORMANCE OF ROADS OVERALL

Different road sections require different types of maintenance varying from routine and normal to heavy rehabilitation. Possible project types range from routine maintenance (e.g. patching), to normal maintenance (resurfacing) through to heavy rehabilitation (e.g. thick overlays and reconstruction).

With the limited funds available it is important that these funds be spent at the right place at the right time to ensure optimum use of funds. The use of PMS is generally accepted as essential for determining the maintenance and upgrading needs/programmes for pavements in a network of roads.

These programmes provide a good assessment of the total funds required to meet the maintenance needs of the network and, in most cases, of the type of maintenance required. The needs of individual projects should, however, be verified by further investigation to allow for additional unrecorded factors.

The total length of the paved network is 171.9km (163km tar, 5.7km block paving and 0.2km concrete pavements) with an estimated replacement value of R582.7 million. The average condition of the network can be rated as poor, with 29% of the surfacing and 24% of the structure in the poor to very poor category. Roads that have been upgraded from gravel to paved roads in the 2017/18 financial year are Disa Street (approximately 0.3km) in Riviersonderend.

The estimated Funding Backlog on the bituminous pavements at this stage is R 120 million with the following immediate needs on the paved network:

	Bituminous	Blocks	Concrete	Total
Surfacing - Short term (over next 2 years)	R 29.6 mil	R 33,200	R 76,800	R 29.7 mil
Structural – Long term (over next 5 years)	R 100.5 mil	R 81 800	R 0	R 100.6 mil

3.8 TRANSPORT (INCLUDING VEHICLE LICENCING & PUBLIC BUS OPERATION)

Theewaterskloof Municipality has no subsidized public transport services hence; this transport is provided by privately owned/operated minibus taxis. A number of school contracts are in operation in the jurisdiction.

With respect to non-motorized transport, there is generally little provision for pedestrian and bicycle travel in the municipal area other than the conventional sidewalks in the central business districts. These sidewalks are however in a poor condition due to limited resources. There are no facilities on rural roads for non-motorized transport.

Various sidewalks were constructed and upgraded in the various towns. This project was initiated through the Integrated Transport Plan as part of bettering our Public Transportation system.

3.9 WASTE WATER (STORMWATER DRAINAGE)

3.9.1 INTRODUCTION TO STORMWATER DRAINAGE

Storm water maintenance is done by operations department. Maintenance on storm water is done in warmer months to prevent damage during the rainy season. Storm water networks were upgraded as part of the Roads Upgrading Programme.

Storm water network comprises of a piped system and open drainage channels. The drainage system is in a fair condition with some instances of poor conditions. There are still some areas where there are no formal drainage networks and this causes flooding during winter. The upgrading of roads however contributes to the addressing of this backlog as storm water drainage is installed together with the construction of roads.

The misuse of the storm water system remains a matter of concern. Blockages that cause flooding frequently occur due to foreign objects entering drainage pipes. Maintaining and cleaning the system is an ever increasing expense and effort.

The storm water master plan has been updated during the 2014/15 financial year by consulting engineers.

Challenges:

With respect to storm water management, the following challenges are experienced by the municipality:

- Very wide Jurisdiction
- Wide spread storm water area
- Inadequate on non-existent storm water systems in towns
- Continuous flooding has created a huge backlog
- EIA process takes a lot longer than anticipated

Tesselaarsdal Stormwater



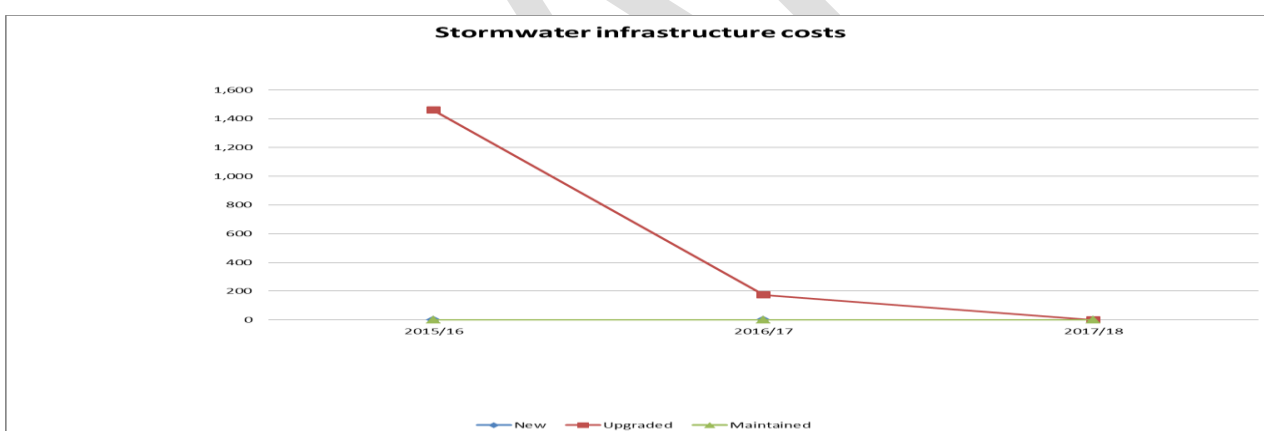
3.9.2 STORMWATER INFRASTRUCTURE

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2015/16	261	1.0	0.0	0
2016/17	261	0.23	0	261.23
2017/18	261	0	0	Operations
				T3.9.2

3.9.3 COST OF CONSTRUCTION/MAINTENANCE

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
2015/16	0	1,460	0	
2016/17	0	174	0	
2017/18	0	0	0	

3.9.4 STORMWATER INFRASTRUCTURE COSTS



3.9.5 EMPLOYEES: STORMWATER SERVICES

Stormwater services employees are included with Road services employees.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 INTRODUCTION TO PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

When planning for economic development, the goal is to create and maintain a strong, vibrant local economy. Local government economic development planning is part of a region's overall economic development strategy and involves intergovernmental coordination. The economic development plan provides a comprehensive overview of the

economy, sets policy direction for economic growth, and identifies strategies, programs, and projects to improve the economy.

Jobs created by LED initiatives

Through the Investment Facilitation process, expansion of various existing businesses in TWK has been fast-tracked. An example of such a project is the Caledon based Prestige Clothing which is owned by The Foschini Group. Through the expansion of their business a further 350 jobs will be created.

Further to the job creation, a partnership between Prestige Clothing, the TWK LED Office and the Department of Rural Development and Land Reform has transformed into something really exciting for 50 young people in the community. Not only will the trainees receive training in manufacturing, but they will also be part of a three month life skills programme. The TFG expansion means that more unemployed people from the community will be the recipients of intensive skills development and training. They will receive a qualification and will be trained in work-readiness.

SMME development is a large focus for the LED Office, in that through partnership with the likes of the Small Enterprise Development Agency, the Small Enterprise Funding Agency and Department of Economic Development, numerous small and informal businesses are benefiting from training and development as well as funding opportunities. These small businesses in turn create jobs and keep the local economy vibrant and stimulated.

The LED Office has recently developed a contractor skills audit in some of the towns with in TWK. This means that various infrastructure projects being managed by the municipality will be advertised on the basis that the tenderers will be required to procure local labour as well as services and/or materials from local suppliers. This way, skills development and on-the-job practical training for semi-skilled and unskilled labourers are offered to unemployed members of our community. Furthermore, local small contractors and suppliers of material and services are given an opportunity to offer their services.

3.10.1 INTRODUCTION TO PLANNING

Spatial Planning and Land Use Management services are rendered by the Directorate: Development Services. This function is done in accordance with the applicable National, Provincial and Municipal legislation as well as National and Provincial directives and Council policy. The function aims to facilitate sustainable urban and rural development.

In terms of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013), a municipality must adopt and approve a single land use scheme for the whole of the municipal area within five years from the commencement of the aforementioned act. In response, the Theewaterskloof Municipality embarked on the development of a zoning by-law. A first draft by-law was completed and will be presented to Council for approval and adoption early in the 2018/2019 financial year.

The municipality is currently in the process of reviewing its Spatial Development Framework in accordance with the provisions of the National, Provincial and Municipal planning legislation, as well as the Municipal Systems Act, 2000 (Act 32 of 2000). This project has become a challenge for the department to complete as a result of limited capacity, both in terms of human resources as well as funding.

The department aims to be as developmentally orientated as possible, in order to promote Council's development agenda. Within this regard, a number of projects have been planned for this financial year, which will be implemented in the 2018/2019 financial year. The aim of these projects is to ensure that the department operates as efficient as possible and to ensure ease of doing business.

Clients that cannot afford to appoint professionals to compile land use applications on their behalf are assisted by the town planning section in the compilation of their applications. In doing so, it is ensured that communities living in poverty are not excluded from opportunities to enhance their properties

3.10.2 APPLICATIONS FOR LAND USE DEVELOPMENT

Planning applications received	Departure	Consent use	Rezoning	Subdivision	ROR	Permission to zoning scheme	Amendment of Conditions of approval	Occasional land use	Consolidation
July 2017	5	7	0	1	0	0	0	0	0
August 2017	5	3	1	2	1	0	0	1	0
September 2017	7	3	4	3	0	1	1	2	0
October 2017	3	6	0	0	0	0	0	2	1
November 2017	3	2	4	1	0	0	0	0	0
December 2017	3	0	0	1	0	0	0	1	1
January 2018	1	1	0	0	0	0	0	1	0
February 2018	0	0	1	0	0	0	0	1	0
March 2018	0	0	0	0	0	0	0	1	0
April 2018	0	1	0	0	0	1	0	0	0
May 2018	10	5	3	1	0	1	0	0	2
June 2018	1	0	0	0	0	0	0	0	0
Planning applications finalised									
July 2017	0	3	5	0	0	0	0	0	0
August 2017	8	7	0	1	0	0	1	0	0
September 2017	1	2	3	2	1	0	0	0	0
October 2017	1	0	0	0	0	0	0	0	0
November 2017	2	4	4	0	0	0	0	0	0
December 2017	1	2	2	1	0	0	0	0	0
January 2018	1	3	1	0	0	0	0	0	0
February 2018	2	2	1	0	0	0	0	0	0
March 2018	1	6	3	1	0	0	1	1	0
April 2018	1	3	4	1	0	0	0	0	0
May 2018	3	4	1	0	0	0	1	0	0
June 2018	0	1	0	0	0	0	0	0	0
T3.10.2									

Planning Policy Objectives									
Service Objectives	Outline service targets	Year -1		Year 0		Year 1		Year 3	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual
Determine applications within a reasonable timescale	Approve building plans within 30 days for buildings less than 500m2 and 60 days for buildings larger than 500m2 after all information required is correctly submitted.	85%	100%	85%	89%	85%	-	85%	-

Process land use applications within 60 days (delegated official) after receipt of all outstanding and relevant information and documents.	100%	77%	100%	66%	85%	-	85%	-
Process land use applications within 120 days (MPT) after receipt of all outstanding and relevant information and documents.	100%	97%	100%	88%	85%	-	85%	-
								T 3.10.3

3.10.3 EMPLOYEES: PLANNING SERVICES

Employees: Planning Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	3	3	3	0	0%
10 - 12	6	6	4	2	33%
13 - 15	4	4	2	2	50%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	-
Total	14	14	10	4	29%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.10.4

Employees: IDP					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	-
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	-
Total	2	2	2	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T3.52.4</p>					

3.10.4 FINANCIAL PERFORMANCE: PLANNING SERVICES

Financial Performance : Planning Services					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(3 318)	(2 413)	(2 413)	(2 518)	4%
Expenditure:					
Employees	8,976	10,334	9,217	8,974	-3%
Repairs and Maintenance	1	4	4	3	-21%
Other	,655	1 243	1 507	1,657	10%
Total Operational Expenditure	9,632	11,581	10,728	10,635	-1%
Net Operational Expenditure	6,315	9,168	8,315	8,116	-2%
<p><i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i></p>					T3.10.5

Capital Expenditure : Planning Services					R' 000
Capital Projects	2017/18				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	–	35	17	-50%	
Inventory: Development Admin	–	35	17	-50%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.11.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

In 2011, the Municipality partnered with private and community sectors to develop a vision for 2030. Vision 2030 provides a framework to make Theewaterskloof an attractive and desirable place to live, work and visit because of its high quality, sustainable country living environment and its connected, creative and productive community. Vision 2030 prioritises creating a great place to live, a visitor destination, a centre of learning, a vibrant economy and a low carbon green region.

The revised LED Strategy conducted in 2015 advised that future interventions should strengthen existing growth and maximise the spin-offs of growth for the surrounding areas. Interventions should also focus on linking lagging towns to the growth areas, specifically in tourism. Beyond tourism, Theewaterskloof's sector-based local economic development needs to address the following:

- Business services: ensuring that there are sufficient services to support local entrepreneurs in this sector, including courier services, IT and broadband infrastructure.
- Construction: Unlock infrastructure blockages so that construction and building development can go ahead. Ensure maximum efficiency at municipal level for building plans, requests for expansion of electricity supply, etc.
- Fine food and beverages: Support emerging businesses; seek to understand the financial logic of businesses scaling up - to develop a strategy to help grow distribution hubs and packaging processes within the region, so that they remain in Theewaterskloof rather than relocating closer to the metropolis.

Based on the strengths of the local economy and the opportunities identified by participating stakeholders, a limited number of economic development initiatives were prioritised. Each initiative also has one or more identified champions for implementation.

A limited number of economic development initiatives were prioritised to stimulate the local economy in the next few years:

1. Package "things to do" for tourist market niches
2. Position Theewaterskloof area as the leader in country life and food

3. Aggressively pursue clothing & agro-processing investment
4. Develop SOP for investment promotion
5. Social media partner to promote towns better
6. Sell municipal land for BEE Apple farm
7. Coordinating forum for NGOs
8. Enable youth to meet positive role models

During the 2017/18 period, in line with the Participatory Appraisal of Competitive Advantage (PACA) process conducted and the current LED strategy, the Local Economic Development Services department continued to focus on three of these priorities:

1. Develop a Standard Operating Procedure to promote investment in the region;
2. Aggressively pursue clothing and agro-processing investment;
3. Co-ordinate a forum for Non-Governmental Organisations.

In addition to these priorities, the following initiatives were identified through the IDP process:

4. Stimulation of the informal economy;
5. Support for small, medium and micro businesses;
6. Emerging farmer support;
7. Youth development.

Investment Facilitation SOP:

Phase one of the IFSOP was comprised of a set of policy statements and a framework from which to develop investor incentives, establish a ring-fenced developer contribution fund and foster a set of investment guidelines. In July 2016, a consultant was appointed and funded by DEDAT to develop the three documents. A Council workshop was held in April 2017, where Advocate Venter then explained the framework and the function of the IFSOP. The policy statements was presented to Council in August 2017. Funding needs to be sourced for the implementation of the IFSOP as well as phase 2

Aggressively pursue clothing and agro-processing investment:

An Agri-Park is a networked innovation system of agro-production, processing, logistics, marketing, training and extension services, located in District Municipalities. The Agri-Parks initiative seeks to, among others boost the rural economy, create jobs and ensure food security. The programme is aimed at supporting small-holder farmers through the provision of capacity building, mentorship, farm infrastructure, extension services, production inputs and mechanisation inputs. In addition to this small-holder farmers will also gain access to markets for their produce. The LED department has been working with the Department of Rural Development and Land Reform, the Overberg District Municipality, and neighbouring Overberg B Municipalities to implement the Agri-Parks concept in the Overberg region. An Agri-Park Master Business Plan (APMBP) was established by an independent consultant procured by the National Department of Rural Development and Land Reform, and this defined the process of identifying sites for the Agri-hubs. Farmer Production Support Units as well as Rural Urban Market Centres were also identified through the APMBPs for the District. Two sites were allocated for Theewaterskloof: Genadendal (One Hectare, One Household initiative) and Villiersdorp (Rural Urban Market Centre). The project in Genadendal is in progress, involving the training of youth in agro-processing. The Market Centre in Villiersdorp has been budgeted for in the 2018/19 financial year.

Forum for Non-Governmental Organisations:

The overarching objective of the Theewaterskloof Social Development Forum is a consultative forum aimed at increasing co-ordination and communication through information sharing, dialogue, capacity building and consultation on matters of mutual. Forum commits to improve access to integrated services by providing infrastructure which supports the provision of government information and services within the Theewaterskloof area. It is a non-political collective forum that is focused on social issues and is the long term and sustainable solution to address challenges of the citizens, i.e. it is closer to the outlying areas where people live. Primarily, the focus is on rural and under serviced communities, with the aim of addressing limited access of citizens to government services and information.

Stimulation of the informal economy:

Theewaterskloof Municipality has embarked on its plan to stimulate the informal economy, given the influx of seasonal workers into the region. The LED department appointed an independent consultant to develop an informal trading strategy in line with the National strategy, with the objective of boosting the township economy. For Theewaterskloof Municipality, informal trading is a positive development in the micro business sector, as it contributes to the creation of jobs and has the potential to expand the areas economic base and to contribute to the creation of a globally competitive world class African region. A key objective of developing an informal trading strategy is to create a well-managed informal trading sector that is fully integrated into the economic, spatial and social development objectives of the Municipality. A final draft of the Informal economy Management Framework was work-shopped with Council and approved by Council in March 2018. The framework acts as a guideline for informal trading and the establishment of informal trading areas. It is the intention and objective of the LED department to conduct focused stakeholder engagements around the issues facing the informal economy, in order to give it the boost it deserves.

Support for small, medium and micro businesses:

Unemployment is one of the most important challenges facing the poor in our country. This has been made worse by the fact that over the last two decades, the formal economy (especially mining) has been shedding jobs and many workers were retrenched. Furthermore, every year hundreds of thousands of new job seekers (the vast majority of them youth) join the army of unemployed. It is accepted worldwide that the development and growth of small, micro and medium enterprises (SMMEs) can play an important role in turning this situation around. Policies and programmes to support the development of SMMEs is therefore important when looking at alleviating poverty, by making it possible for poor people to generate income to meet basic needs; reducing poverty through employment creation; redistribution of wealth, income and opportunities; and contributing to economic growth, by improving innovation and thus competitiveness.

The LED Department has developed a database of SMMEs and in partnership with the Western Cape's Department of Economic Development, Provincial Treasury, SA Revenue Services, Small Enterprise Development Agency and Theewaterskloof Municipality's Supply Chain Department has been engaging with SMMEs by hosting a number of Supplier Development Programmes and SMME Open Days. These have been well attended and well received by the small business community. In addition to this, the roll out of the JumpStart programme continues, offering up to fifteen SMMEs a pack that includes a logo design, a set of business cards, an electronic brochure and invoice, quotation and email signature

templates. Furthermore, the LED department working with the Supply Chain Management department, designed and printed a business support brochure that offers SMMEs a step by step guideline of how to register a business as well as register on the municipal database and the Western Cape Supplier Database.

A total of ten SMMEs have been supported in this quarter through partnership with the Small Enterprise Development Agency. A stipend of R9, 000 has been granted to each business to fund equipment needed for start-up operations. In addition to this, each business has been assisted with registration and with compliance.

Emerging farmer support:

A Small Farmer Support Package is a document with all the relevant information that a small farmer needs for every sphere of his business. This package was developed in conjunction with Department of Agriculture, CPUT, Department of Water and Sanitation and Breede Gouritz Catchment Management Agency. A follow up meeting with regards to the **Small Farmer Support Package** was held with small farmers to give feedback to the farmers who attended the Roadshow hosted by developers of the package. An app is planned for the future whereby farmers will be able to access the information on a smart phone.

EPWP

The following targets were reached within the Expanded Public Works Program for the period 01 July 2017 – 30 June 2018.

SECTOR	NR OF PROJECTS	NR OF W/O CREATED
Infrastructure Sector	33	230
Environmental & Culture Sector	27	211
Social Sector	8	345
Total	68	786

Tourism

Council resolved that the services of an external consultant should be utilised to assess the current tourism strategy and the feasibility of the current funding model. A consultant was hired in June 2017, and a full assessment of the tourism strategy as well as the current funding model was compiled.

As part of the assessment it was suggested, (dependent on funding) that the TWK collective tourism brand undergo a process of rebranding due to the connotations attached to the word 'meander'. It was suggested by the consultant that we retain the Cape Country brand however utilise it to brand our routes, for example 'Cape Country Wine Route' or 'Cape Country Mountain Biking Route'. This way, we could keep the brand and market the unique products and experiences in our area. This keeps with our existing strategy and will certainly attract visitors.

The assessment further noted that the tourism brand is stagnating due to lack of marketing activity. It was suggested that the current website of the Cape Country Meander brand is outdated and needed to be modernized and revamped. The assessment recommended that social media management is outsourced to create online presence for the collective brand. Furthermore it was suggested that PR activity is required to build the brand amongst

relevant stakeholders in order to attract visitors and tackle the mid-week lull in bookings and activities.

The LED Department continues to manage the social media for marketing tourism products, routes and events to promote tourism in the local area.

New logo and website was developed for the Cape Country brand. New brochures were also designed to market the Cape Country Brand on external platforms.

An Events policy that outlines guidelines for event organisers to hold events in the TWK area was developed in collaboration with the events task team, ODM and Overstrand Municipality. The policy was approved by Council on 23 February 2017. A total number of 65 event applications were processed in the 2017/18 financial year with a value of R 99 523.

Cape Country Meander was head sponsor of South Africa's first Adventure Summit held in the Elgin Valley. The summit hosted 130 adventure tourism operators who came from across South Africa as well as the Northern Cape Tourism board. Each delegate was treated to an adventure experience in TWK including zip lining, rafting, mountain biking or a food/ wine experience. Elgin Wines sponsored the first evening with an array of locally produced vintages.

Youth Entrepreneurship

The Biggest Deal Challenge is a youth entrepreneur competition driven by the Theewaterskloof Municipality's Department of Local Economic Development. In partnership with the private sector, the program seek to actively address the youth unemployment problem. Now in its fifth year, the competition has become a household name and is a highlight of the school year. Twenty six teams comprising of 118 learners between the ages of 14 – 18 years from eight schools across the Theewaterskloof area have entered the 2018 Biggest Deal Challenge. The key sponsors of the Biggest Deal Challenge 2018 is ABSA, Western Cape Government and Origin in conjunction with the municipality.

Local Drug Action Committee

A Terms of Reference was developed for the functioning of the Theewaterskloof Local Drug Action Committee. This will assist with the coordination of projects identified by the different functioning committees in each town and hopefully guide Council in making funding available for some of the activities of the LDAC in conjunction/partnership with other relevant government departments. A presentation was done to Council by the Provincial Department of Social Development to give better insight with regards to the role of Local Government in the establishment and management of the LDAC. The Terms of Reference was tabled and adopted by Council in December 2017. A gala event was hosted on the 05th of December to give recognition and celebrate the good work that the different entities is doing in Grabouw. The Mayor opened the event and Social Services gave a motivational with regards to voluntarism. The funds generated through the event will be utilized to fund LDAC programmes.

Early Childhood Development

ECD forums is functional in Grabouw and Villiersdorp. The Villiersdorp ECD forum has been registered as an NGO in order to obtain funding to assist the ECD facilities that is affiliated to forum. A request was tabled by the Grabouw ECD forum for an ECD policy that will govern the industry in the Theewaterskloof area. A draft policy has been drawn up and distributed to

the forums as well as relevant government departments for input before submission to Council.

Other social projects:

Grabouw Jewellery project

The Grabouw jewellery project commenced in July where 15 young women has been offered the opportunity to be trained in the manufacturing of jewellery from recycled magazines. Two 1 week training sessions has been scheduled for July and August and on completion of the training the group will be assisted with registering a business, obtaining markets for the product and a venue to continue with the project.

World Food Day

World Food Day was held in Villiersdorp on the 12th of October. 38 Vegetable gardens were established which includes household gardens and community gardens. The 3 CRDP nodes were included in the project and household gardens and community gardens were also established in Kleinbegin, Nuweberg and Lebanon. SAB sponsored R420 000 for the pipeline from the reservoirs to the community gardens at Villiersdorp Secondary school as well as the community gardens along Buitekant Street. A food mountain were built with contributions for private sector as well as government department and distributed to 4 NGO's selected from the community. 51 Chicken projects were also identified and will be implemented as soon as the avian flu has past.

Roads project

The department is represented on the Public Liaison Committee that was established for the construction/ maintenance of the road between Caledon and Riviersonderend. Public meeting were held to inform the communities of Caledon and Riviersonderend about the employment opportunities. CV's could be handed in at the various town offices or libraries and the committee members will verify that the applicants is unemployed and reside within Caledon and Villiersdorp. Information with regards so subcontracting opportunities will also be published in the newspaper.

Comprehensive Rural Development Program

There is ongoing liaison with the Council of Stakeholders that is part on the Comprehensive Rural Development Program facilitated by the Department of Agriculture. Funding obtained by the COS's must be spend by March 2018. Contingency plans need to be developed for sustainability and project plans need to developed and forwarded to the Department of Agriculture.

Thusong Programmes

The Thusong programme in Grabouw is ongoing and being governed by the Thusong forum to roll out programs. A successful outreach was conducted in Botriver where all relevant government services was brought to Botriver on one day. 790 services were rendered on the day and 599 citizens attended the outreach. A successful youth day & women's day event was hosted in conjunction with different government departments, private sector stakeholders and NGO's. A successful career expo was also hosted 28th of September with government departments, higher learning institutions and private sector entities giving information to the youth.

Community Works Programme

The Theewaterskloof site is creating work opportunities in the area for the unemployed and the most vulnerable homes and families. The objective of the programme is to provide basic income to enable participants to provide a meal for their families and to restore dignity and pride. All participants have an active bank account in which their moneys can be paid, in to support their families and other responsibilities.

The programme allow participants to come and go, allowing people to search for greener pastures, better work opportunities and benefits to earn more money during season time, therefore totals will always fluctuate.

Schools: 207 CWP participants are employed at 32 schools on the programme in TWK in positions such as classroom assistants, administrators, cleaners and gardeners. Some participants also assist with feeding schemes in the kitchen, to ensure that the learners get enough nutrition. The school principals are very proud and speak with great appreciation about what the programme has contributed to the school environment, especially to learners. Cleaning of toilets, school yards and classrooms are some of the places that consistently stays clean with the CWP participants keeping it neat. Every participant has received the necessary PPEs and tools to work with. A total number of 803 active participants are employed across TWK through the Community Works Programme.

PARTNERSHIPS

Fresh faces project

Theewaterskloof partnered with Grabouw Beautiful Campaign and set upon a quest to source the most talented youth in Grabouw and the Elgin Valley whose dream it is to be a top model.

Through this collaborative effort a call went from Elgin FM to young aspiring models to submit a photo of themselves and Heidi invited those who made the cut to a casting at the Gerald Wright Thusong Centre. A selection was made and the chosen few with the fresh face look wanted for the fashion shoot that took place over the weekend of the 27th and 28th of January. The teens modelled in active wear as well as formal attire. Local Grabouw businesses, Only You Hair Salon and Love Fashions sponsored hair and clothing for the shoot. The donation of bikes to the community from Pedal Power Association and Bike Empowerment Network, housed at Trail's End our local bike hotel, came in handy for some of the action shots in nature.

Cycling Project

The Grabouw Beautiful campaign has partners with Bike Empowerment Network (BEN) and Pedal Power Association and piloted a project in Kleinbegin. The kids in the community started a recycling project and started cleaning the area. Two groups of kids have so far received bikes for their hard work. The next project in the pipeline is with Umyezo High School with a group of grade 9 & 10 scholars who will be cleaning in various areas around Pineview. In association with BEN a bike repair workshop was held at Trail's End in Grabouw attended by the Wine2Whales cycle route builders as well as some of the kids who have received bikes. This will empower them to repair and maintain the bikes received.

Gender Equality

The Commission for Gender Equality hosted a round table discussion on the 08th of December with the theme: Count me in together moving a non-violent South Africa forward. Special focus were placed on gender equality in the empowerment context and other social issues that affect women, children and youth in the farming community. The purpose of the engagement was to inform, educate and engage women, men and the relevant leadership structures in the promotion of access to information, opportunities and skills as a way to promoting human right based approaches in the fight against gender discrimination. Commissioner N Sobahle attended the event and spoke about the coordination of gender equality in the farming sector and the impact therefore to women and children of tomorrow. The session was well attended and follow-up discussions will following in 2018.

Narysec

In conjunction with the Department of Rural Development and Land Reform a call went out to all youth between the ages of 18 and 25 to participate in the National Rural Youth Service Corps (NARYSEC) program. The program aims to provide unemployed rural youth the opportunities to work in their communities and be trained to provide the necessary services for local socio-economic development. The program stretches over a period of 2 years with 4 a month youth leadership development program, 12 month TVET college skills development training and 1 year internship. The applicants could choose between computer training, diesel mechanic and firefighting training within the skills development training program. The recruitment was done in Grabouw and Villiersdorp and 36 young people were recruited and currently at the NARYSEC College in Thaba Nchu and will proceed to 3 SAI military base in Kimberley for the leader development program.

Activate

We have partnered with an organisation called Activate Change Drivers which aims to equip young people of the youth to be innovative, active citizens, influencing and provoking positive change for the global good. 20 youth were recruited from Greyton/Genadendal, Riviersonderend and Grabouw was part of a week-long training camp. The youth are currently busy with research in their own communities with the idea of identifying projects for implementation.

Entrepreneurship program

Department Local Government Provincial: Thusong Programme advertised an opportunity where Thusong Centres could apply for special funding for economical projects. An application was submitted and the grant was approved in November 2017 and the funds were transferred in January 2018. The aim of the entrepreneurship project is assist 10 youth entrepreneurs in Grabouw by enhancing self-employment, create job opportunities for peers, encourage positive role-modelling among youth and increase local economic development.

The program commenced with a rigorous selection process where all the applicants presented their plans and where the plans were evaluated by a panel of judges. The selected participants then presented again at a workshop held with the different partners like NYDA, SEDA and mentors. The process continues with the different businesses partnered with mentors and continues monitoring and evaluation. We want to constantly monitor the

growth of the different businesses during the process and continuously align interventions with the needs of the businesses.

3.11.2 JOBS CREATED BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)

No Records were kept of jobs created through these initiatives.

3.11.3 JOBS CREATED BY LED INITIATIVES

Job creation through EPWP* projects		
Details	EPWP Projects	Jobs created through EPWP projects
	No.	No.
Year 2014/15	18	189
Year 2015/16	32	264
Year 2016/17	50	444
Year 2017/18	30	786
* - Extended Public Works Programme		T3.11.6

3.11.4 EMPLOYEES: LOCAL ECONOMIC DEVELOPMENT SERVICES

Employees: Local Economic Development Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	4	4	2	2	50%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	5	5	3	2	40%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T3.11.8					

3.11.5 FINANCIAL PERFORMANCE: LOCAL ECONOMIC DEVELOPMENT SERVICES

Financial Performance : Local Economic Development Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(1 768)	–	(396)	(856)	116%
Expenditure:					
Employees	1,942	1,575	1,575	2,434	55%
Repairs and Maintenance	(0)	–	–	291	
Other	850	292	517	450	-13%
Total Operational Expenditure	2,792	1,866	2,091	3,176	52%
Net Operational Expenditure	1,024	1,866	1,695	2,320	37%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.11.9

COMPONENT D: COMMUNITY & SOCIAL SERVICES

At the Strategic Council workshop in August 2017, the Council defined community development as a process of “Building communities where those who are marginalized and excluded are enabled to gain self-confidence, to join with others and to participate in actions to change their situation and tackle the problems that face their community”.

The holistic Community Development concept was not new to Theewaterskloof. In 2011 then Council already recognised the need to step outside of its comfort zone and embrace a long term approach towards building its communities, by developing a long term vision for the area, which started with identification of key issues and an exploration of the challenges and opportunities these present.

This informed the development of scenarios which concluded that the region could not continue with business as usual. Based on these scenarios a vision for Theewaterskloof 2030 was crafted.



Some valuable lessons have been learned in the process and can be summarized as follows: Institutionally, the municipality was not ready to embrace the developmental approach and address community development issues which were in main tackled through reactive, turnaround models.

Lack of dedicated champion and organizationally embraced commitment to Vision 2030, lead to institutional impasse.

Reactionary approach to challenges, lead to loss of momentum and diluted focus on long term desired effect vs immediate attendance to problems at hand, leading to continued focus on symptoms without taking sufficient time to pause and identify causes.

The Community Development function is a brand new function within the municipality and local government at large. With skeleton team and limited resources and high expectations, the Community Development Unit required a plan, a roadmap, on which a realistic implementation program for the unit can be based, guiding the Community Development initiatives into cohesive programs, with set monitoring and evaluation tools.

The strategy was developed as a guiding plan to muster momentum and galvanize community based organizations, NGOs and private sector partners towards a unified Community Development approach.

The development model is based on research conducted by European Foundation for the Improvement of Living and Working Conditions (2004) that attempted to examine the perceptions of social integration and exclusion in an enlarged Europe.

HAVING

- Having a good job
- Having sufficient accommodation
- Having a good education
- Having sufficient leisure time
- Going out with friends or family
- Having at least one holiday a year



CARING

- Living with a partner
- Seeing friends regularly
- On friendly terms with neighbours
- Having children



BEING

- Being able to help others
- Feeling recognized by society
- Having a successful career
- Participation in associations

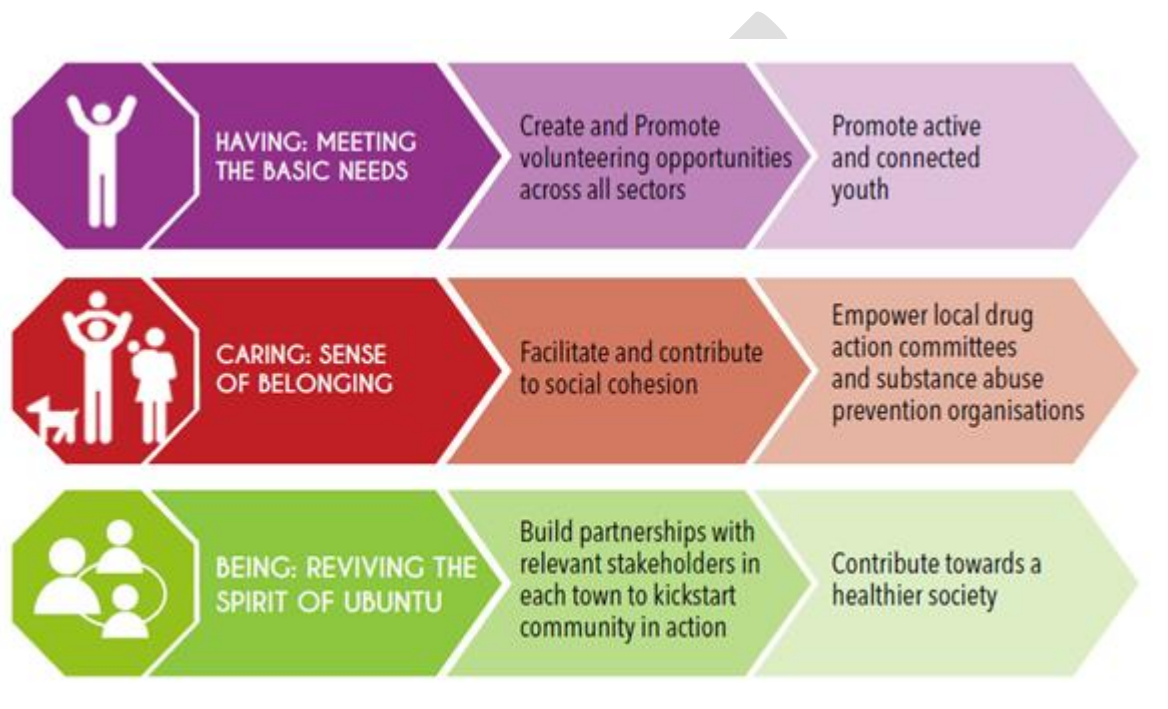


BUILDING ON THE MODEL, A VISION FOR COMMUNITY DEVELOPMENT

EMERGED; building towards an engaged and solution seeking community, actively transforming from disengaged, marginalised, dependant on others community to a community connected to opportunities, connected to networks and systems, enabled to take charge of their destiny, building a future for themselves and their children.

MISSION:

A focused local government committed to empowering local communities as a key to the foundation of capacitated, engaged & enabled society.



3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

The Grant allocated by Department Cultural Affairs and Sport (DCAS – library services) for 2017/2018 amounts to R6 718 000.00

The bulk of this funding is allocated towards library staff salaries with small margin of funding remaining for operational expenses.

The following objectives have been reached during 2017/18 financial year:

Bereaville Library:

Reopening of the small rural library to the community, although the lending of material is currently done manually, we anticipate connecting the library to the SLIMs system middle of next year. The library offers extensive outreach services and works closely with the local Primary school, enjoying the benefits of partnerships of other organisations such as Theatre for Change, where children are encouraged to express their themselves and build self-confidence.

Tesselaarsdal Library:

A flagship project for 2016/17 has officially been inaugurated in 2018 by Minister Anroux Marais. What renders this project different from other library construction projects, is the fact that the construction work on the building was managed internally by the municipality with additional help, local labour, galvanising the community spirit and by-in into the project.

The library has become a centre for community gatherings and an entertainment hub for the young. Utilising its favourable position and close proximity to the school, the library is a popular place to stop over for learners, on their way home.

Library for the Blind:

With the objective to expand the ring of patrons and serve visually impaired as well, Villiersdorp Library has partnered with the National Library in the project of setting up reading points for visually impaired patrons. The program allows registered users to take out reading material and a reading device (the Daisy Player) which allow them to listen to audio books.

Toy Library:

A project which has commenced in 2016 and is due for completion later in 2018. The funding for the building has been leveraged through partnership with VPUU, Argent and Afirmat. The library's target clientele will be the neighbouring ECD centres and the young readers of the area.

Appointment of Head: Library Services

This year, despite the tight budget, it has become possible to appoint a dedicated Head: Library Services. The appointment has been long overdue and the designated professional is now focusing on adding value to library services by optimising existing resources and linking Libraries long term strategic objectives to the overall Community Development Strategy.

3.12.1 EMPLOYEES: LIBRARY SERVICES

Employees: Libraries					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	14	14	14	0	0%
7 - 9	7	7	5	2	29%
10 - 12	3	3	2	1	33%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	25	25	22	3	12%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T3.55.4</p>					

3.12.2 FINANCIAL PERFORMANCE: LIBRARIES

Financial Performance: Libraries					
					R'000
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(8 064)	(6 773)	(6 773)	(7 602)	12%
Expenditure:					
Employees	5,351	5,652	5,625	5,802	3%
Repairs and Maintenance	1329	12	20	–	-100%
Other	539	679	556	474	-15%
Total Operational Expenditure	7,219	6,342	6,200	6,276	1%
Net Operational Expenditure	(845)	(432)	(573)	(1 327)	131%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.52.5

3.12.3 COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:

Libraries are ideally positioned to act as spring boards for community development trajectory:

- Well-funded entities enjoying ongoing support (not dependent on Municipal budget)
- Existing infrastructure, resources & capacity
- Considered a neutral and 'safe space' by most
- Accessible to most
- Adequately equipped (ICT networks in place)
- Existing links with local community organizations
- Able to access information easily and speedily
- Well networked (by nature) and interested (by nurture)

3.13 CEMETORIES AND CREMATORIUMS**3.13.1 INTRODUCTION CEMETORIES AND CREMATORIUMS**

Theewaterskloof consists of 8 towns and each town has its own cemetery. Some towns for example Grabouw and Caledon had an influx of people to an extent that the present cemeteries became saturated and new land needed to be identified for expansion.

Cemeteries are as follows:

- Caledon
- Riviersonderend
- Tesselaarsdal
- Botriver
- Grabouw
- Villiersdorp
- Greyton and Genadendal



The top priority of cemeteries is the provision of land for burial services; however with very little land available providing land for cemeteries is becoming a problem.

3.13.2 FINANCIAL PERFORMANCE: CEMETERIES

Financial Performance: Cemeteries and Crematoriums					
					R'000
Details	2016/17		2017/18		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(590)	(550)	(550)	(600)	9%
Expenditure:					
Employees	–	–	–	–	–
Repairs and Maintenance	431	544	–	226	0%
Other	83	180	7	26	259%
Total Operational Expenditure	513	724	7	252	3403%
Net Operational Expenditure	(77)	174	(543)	(348)	-36%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.55.5

3.13.3 CAPITAL EXPENDITURE: CEMETERIES

Capital Expenditure : Cemeteries & Crematoriums					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	401	677	421	38%	
Cemetery Grabouw	50	264	–	100%	
Cemetery Caledon	351	413	421	-2%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.55.6

3.13.4 COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIALS OVERALL

Available burial spaces in cemeteries are becoming a challenge and certain cemeteries need to be expanded as soon as possible.

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

3.14.1 INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

Social Development Programmes

Early Child Development

ECD forums is functional in Grabouw and Villiersdorp. The Villiersdorp ECD forum has been registered as an NGO in order to obtain funding to assist the ECD facilities that is affiliated to forum. A request was tabled by the Grabouw ECD forum for an ECD policy that will govern the industry in the Theewaterskloof area. A draft policy has been drawn up and distributed to the forums as well as relevant government departments for input before submission to Council.

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

3.15 POLLUTION CONTROL

3.15.1 INTRODUCTION TO POLLUTION CONTROL

Pollution control/Air Quality function is being performed in line with Overberg District Municipality's approved Air Quality Management Plan. Theewaterskloof Municipality developed its air quality plan in conjunction with province. The plan has been approved by Council. Theewaterskloof Municipality have one official that is appointed as air quality official.

Overberg District Municipality is the licensing authority in terms of NEM: AQA (Act No 39 of 2004) to issue Atmospheric Emission License for Listed Activities, which include the following:

- Review of the Atmospheric Emission licenses received from the Listed Activities Industries
- Investigating Air Quality related complaints within the Overberg District Region.
- Developing the Overberg District Municipality Air Quality by-law.
- ODM have an interim air quality officer for air quality function that is assisted by four officials, one from each sub district.

Overberg District Municipality also attends yearly Provincial Air Quality Officer's Forum.

Theewaterskloof Municipality Air Quality and pollution control office attend to the following areas

- Water pollution under section 30
- Noise pollution
- Dust pollution
- Offensive odour pollution
- Emission control

These pollution control areas are dealt with in the Theewaterskloof as and when complains are officially logged although routine inspections are done.

The following pollution events occurred

YEAR	EVENT	CASE	OUTCOME
2018	noise	Noise control of co rooms	Case still pending An official case docket was open at Grabouw Police the case was investigated and taken to court, the state prosecutor referred the case to a Cape town court and we are awaiting outcome of the case.
2018	Control of offensive odours	Elgin fruit juices	Case was investigated and mitigated and resolved
2018	Control of offensive odours	Botriver mushroom farm	Case was investigated and mitigated and resolved
2018	noise	Noise control at Kromco Grabouw	Case still under investigation, an independent investigator monitored the sound level and was found to be in the sound ordinance specifications.

3.15.2 FINANCIAL PERFORMANCE: POLLUTION CONTROL

Financial Performance: Pollution Control					
					R'000
Details	2016/17		2017/18		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	–				0%
Expenditure:					
Employees	–				0%
Repairs and Maintenance	–				0%
Other	0	305	290	0	-100%
Total Operational Expenditure	0	305	290	0	-100%
Net Operational Expenditure	0	305	290	0	-100%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.59.5

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)**3.16.1 INTRODUCTION TO BIO-DIVERSITY AND LANDSCAPE**

Biodiversity is the protection of all biodiversity in and around Nature reserves and open spaces as well as all commonage land. The protection of Biodiversity is managed in conjunction with Cape Nature, NGO organisations and other governmental partners.

Biodiversity is protected under NEMA, NEMBA and the Biodiversity by law. All these laws are there to protect and preserve all living things and set out rules for engaging with the environment.

3.16.2 COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL

A safe, healthy and sustainable managed environmental and natural resource base provides critical eco-system services that are a foundation for economic and social development.

Biodiversity is managed and maintained by introducing an alien vegetation control plan, and corrective control methods are introduced to eradicate aliens and conserving indigenous biodiversity.

Theewaterskloof Municipality also protect all natural areas under its jurisdiction, including the following Nature reserves Greyton Nature reserve , Caledon Nature reserve and wild flower gardens, the Villiersdorp Nature reserve and other wilderness areas such as shaws Pass ; Riviersonderend natural areas.

TOWN	EVENT	year	
Caledon	Alien eradication in Bath River	2018	
Caledon	Alien eradication in Caledon Nature reserve	2018	
Middelton	Alien eradication on commonage	2018	
Greyton	Alien eradication in Greyton Nature reserve and commonage	2018	
Villiersdorp	Alien eradication in rivers and commonage	2018	
All Towns	fire breaks and fire prevention	2018	

COMPONENT F: HEALTH

3.17 CLINICS

Health services are managed by the Provincial Department of Health.

3.18 AMBULANCE SERVICES

Ambulance services are provided by the Overberg District Municipality.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC.

The above mentioned services are provided by the Overberg District Municipality.

COMPONENT G: SECURITY AND SAFETY

This component includes: police, fire, disaster management, licensing and control of animals, and control of public nuisances, etc.

3.20 TRAFFIC

The Theewaterskloof Traffic department mission is to provide an effective and efficient service, which is community, oriented and rendered by professional, accountable and highly motivated staff.

The Following are performed as Core Functions

- All legislative/statutory requirements functions in terms of Traffic Management
- Speed monitoring
- Drivers licenses
- Registration of motor vehicles
- Registration of drivers licenses
- Issuing of learners/drivers licenses
- Issuing of fines
- Operating Licenses/ Public Transport
- Point duties during emergencies
- Managing E-Natis system
- Road markings /signs
- Attending Court duties
- Preparing Court Rolls
- Testing of all vehicles
- Serving of Warrant of Arrests
- Scholar training/ patrol
- Education and Training
- Escort duties
- eMIS Complaint System

	<u>CHALLENGES</u>	<u>ACHIEVED</u>	<u>FOCUS AREAS</u>
TRAFFIC	<p>Some of the major challenges for the Traffic Law Enforcement are vehicles and man power.</p> <p>No proper infrastructure for Officer to communicate.</p>	<p>The integrated DSP is working very well with role players like Provincial Traffic, SAPS, etc. A dedicated Officer was appointed to focus on road safety (pedestrians) of our communities mostly in the lower income areas.</p> <p>Theewaterskloof Traffic has procured their own mascot "Speedy" that is part of the education regarding road safety.</p>	<p>Focus for the past year has been on safety awareness in the Theewaterskloof area. To improve in the combat of general traffic law enforcement and drunk driving. To perform integrated operations with Provincial Traffic with the random breath testing of drivers and the "electronic breathalyser testing."</p>
VEHICLE LICENSING	<p>To procure land in Grabouw to rebuild a new Traffic and Licensing Department. No dedicated permanent employees for Grade "L" eye testing Officers. High volumes of applicants applying for driver license</p>	<p>EPWP's were employed and trained to alleviate the pressure of the Traffic Officers doing eye testing. A temporary Registration and Licensing of vehicles office was opened in May 2018 in Grabouw to assist the community for the</p>	<p>Customer care and customer satisfaction. Efficient service delivery to customers and the broader public. To procure land as soon as possible to build new Traffic and Licensing Department in</p>

	test from outside the TWK area.	interim.	Grabouw.
LAW ENFORCEMENT	Capacity is one of the major challenges for Law Enforcement. Stray animals especially after hours and weekends. Due to offenders winning court cases against the selling of their stray animals by the Municipality the animal pound of TWK Municipality is a challenge. The pound has a large amount of impounded stray animals to keep healthy and safe.	A Special Operations Unit was established to attend to illegal structures, squatter control, riots and general law enforcement. TWK has appointing a different lawyer who deals with the stray animals cases to help TWK at the courts to apply for the selling of impounded animals in a faster manner.	Focus for the past year has been on illegal squatters, illegal structures, educating the community and ward committee members in illegal structure, by laws. The S.O.P. for illegal structures was revised and will be worked shop with the relevant officials. Focus on releasing or selling stray animals from the TWK animal pound in a faster manner.

3.20.1 EMPLOYEES: TRAFFIC OFFICERS

Employees: Traffic					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	6	6	5	1	17%
4 - 6	15	15	15	0	0%
7 - 9	45	45	39	6	13%
10 - 12	15	15	13	2	13%
13 - 15	4	4	3	1	25%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	85	85	75	10	12%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.</i></p> <p><i>*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					
T3.60.4					

3.20.2 FINANCIAL PERFORMANCE: TRAFFIC AND LAW ENFORCEMENT

Financial Performance : Traffic and Law Enforcement					
					R'000
Details	2016/17		2017/18		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(30 758)	(30 135)	(30 135)	(48 033)	59%
Expenditure:					
Employees	14,772	14,724	14,932	17,169	15%
Repairs and Maintenance	542	650	577	368	-36%
Other	29,524	27,740	470	42,440	8921%
Total Operational Expenditure	44,838	43,115	15,979	59,977	275%
Net Operational Expenditure	14 080	12 980	(14 156)	11 944	-184%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.65.5

3.21 DISASTER MANAGEMENT**3.21.1 INTRODUCTION TO DISASTER MANAGEMENT**

Responding and minimising the impact of disasters is the core function of the Disaster Management Centre. The Overberg District Municipality is responsible for providing this service to the entire Central Karoo region.

Our local Disaster Management aims to:

- Prevent or reduce the risk of disasters;
- Mitigate the severity or consequences of disasters;
- Emergency preparedness;
- Rapidly and effectively respond to disasters;
- Provide for Post-disaster recovery and rehabilitation.

Disaster Management is to provide blankets, food and shelter during disaster incidents in mostly informal structural areas. Preventative mitigation measures are also done by managing and maintaining rivers and other natural areas to prevent disaster events as far as possible. Disaster management performed well within its limitations and budget restraints.

Contact the Centre for more information or any queries:

Mr Reinhard Geldenhuys
Head: Disaster Management Centre
Overberg District Municipality

3.21.2 EMPLOYEES: DISASTER MANAGEMENT

Employees: Disaster Management					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	0	0	0	0	-
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	1	1	1	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.67.4					

3.21.3 FINANCIAL PERFORMANCE: DISASTER MANAGEMENT

Financial Performance: Disaster Management					
					R'000
Details	2016/17		2017/2018		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	–				0%
Expenditure:					
Fire fighters	–				0%
Other employees	–				0%
Repairs and Maintenance	1349	755	707	543	-23%
Other	1018	1772	1821	1788	-2%
Total Operational Expenditure	2367	2527	2527	2332	-8%
Net Operational Expenditure	2367	2527	2527	2332	-8%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.66.5

3.21.4 FINANCIAL PERFORMANCE: DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL

Financial Performance : Disaster Management, Animal Licensing and Control					
R'000					
Details	2016/17			2017/18	
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(353)	-	-	-	0%
Expenditure:					
Employees	-	-	-	-	0%
Repairs and Maintenance	1579	825	757	543	-28%
Other	1450	2143	2192	2062	-6%
Total Operational Expenditure	3029	2968	2948	2605	-12%
Net Operational Expenditure	2 676	2 968	2 948	2 605	-12%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T3.67.5

COMPONENT H: SPORT AND RECREATION

This component includes: community parks, sports fields, sports halls, stadiums, swimming pools, and camp sites.

3.22 SPORT AND RECREATION

3.22.1 SERVICE STATISTICS FOR SPORT AND RECREATION

One of the Key Objectives of TWK Council is to improve the Social Fabric of the community and sport is identified as the catalyst that will enhance community's value. Unfortunately with the lack of financial capacity it will be impossible to assist our community without sponsorship from external donors such as Department Cultural Affairs and Sport (DCAS).

However the municipality still managed to support sport events as requested by the sporting community. The annual Botriver Education Foundation with the trail run and mountain bike event is one example of where TWK Municipality support sport in our area. This event is an initiative where the community manages the project as a fundraiser for potential students which excel in mathematics and science.

The following projects were managed in the different towns as part of the municipality's contribution to our sport community:

1. Construction of Tesselaarsdal: The rugby code rented the facility for their sport as there is no municipal sport facility in this town. As a result Theewaterskloof municipality makes funding available to construct a rugby field on municipal land. The half built ablution is also in process of being completed as part of this project.

2. Construction of Dennekruin Soccer Facility: The amount of R1 600 000.00 has been made available for the construction of a new soccer field as well as an ablution facility at Dennekruin for the soccer playing community of Grabouw. This project is completed and the facility is now in full use.

3. Pineview Park Upgrading: The current rugby facility in Grabouw does not meet the Boland Rugby Union's requirement for league matches due to poor lighting as well as a serious drainage problem. Therefore the rugby clubs of Grabouw to rent the sport facility of the local school which has financial implications for these clubs. It was agreed with the two clubs to first address the lights issue and if any funding available, to also address the poor drainage at Pineview Park. The lights which were not efficient have been sorted out.

Sport Forum meetings were held in all the towns with the Councillors as the chairperson. This is important as some potential sponsors such as the National Lottery Board requests for established sport forums in all the towns as one of their criteria.

Applications were submitted to South Africa Recreation and Sport Department (SARS) for two projects namely the upgrading of Pineview Park Sport facility as well as lights at the Villiersdorp sport facility.

3.22.2 EMPLOYEES: SPORT AND RECREATION

Employees: Sport and Recreation					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	0	0	0	0	-
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	1	1	1	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T3.68.3

3.22.3 EMPLOYEES: PARKS

Employees: Parks					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	12	12	11	1	8%
4 - 6	25	25	23	2	8%
7 - 9	3	3	3	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	-
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	41	41	38	3	7%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.62.4					

3.22.4 FINANCIAL PERFORMANCE: SPORT AND RECREATION

Financial Performance: Sport and Recreation					
R'000					
Details	2016/17		2017/18		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(949)	(41)	(41)	(77)	87%
Expenditure:					
Employees	5,122	6,134	6,142	5,989	0%
Repairs and Maintenance	2,195	1,583	1,393	,820	-41%
Other	504	1930	2025	1297	-36%
Total Operational Expenditure	7,822	9,647	9,561	8,106	-15%
Net Operational Expenditure	6,873	9,606	9,520	8,029	-16%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.68.4

3.22.5 CAPITAL EXPENDITURE: SPORT AND RECREATION

Capital Expenditure : Sport and Recreation					
					R' 000
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	1,600	1,103	,985	-11%	
New Sport Facility Phase I		203	126	-38%	
Capital Upgrading of Pineview sports ground	1,600	900	859	-5%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.68.5

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.23 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councillors; and municipal manager).

3.23.1 EMPLOYEES: EXECUTIVE AND COUNCIL AND INTERNAL AUDITING

Employees: The Executive and Council					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
					-
					-
					-
					-
SEC 56	2	5	3	2	40%
Total	2	5	3	2	40%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> T3.69.4					

Employees: Internal Audit					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	2	2	2	0	0%
13 - 15	0	0	0	0	-
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	-
Total	3	3	3	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i> T3.59.4					

3.23.2 FINANCIAL PERFORMANCE: EXECUTIVE AND COUNCIL

Financial Performance : The Executive and Council					
					R'000
Details	2016/17		2017/18		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	(7 166)	(1 150)	(1 294)	(1 153)	-11%
Expenditure:					
Employees	16,147	20,388	20,791	20,149	-3%
Repairs and Maintenance	29	364	363	260	-28%
Other	13,611	20,601	20,804	15,461	-26%
Total Operational Expenditure	29,788	41,353	41,958	35,870	-15%
Net Operational Expenditure	22,621	40,203	40,664	34,718	-15%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.69.5

3.24 FINANCIAL SERVICES

3.24.1 INTRODUCTION TO FINANCIAL SERVICES

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensure that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

During the 2011 strategic planning session, Financial Sustainability was identified as the highest priority for the municipality. A Turnaround Strategy was adopted and a Steering Committee established to guide and implements the strategy. Specific low hanging fruit projects have also already been adopted by such a committee. Although (as previously indicated under financial overview) financial sustainability remains the municipality's biggest challenge, considerable improvements have been made to date.

The purpose and overall objective of the directorate is to implement sound and transparent financial management to improve efficiency and delivery. The directorate remains committed towards establishing an effective financial administration in compliance with relevant legislation.

Mission

The Finance Directorate is committed to the objective of improving the quality of the lives of local citizens of Theewaterskloof Municipality and ensures good governance by:

- Providing a support and advisory service to the Accounting Officer, Senior Managers, Council and Service Delivery Directorates on Financial matters, MFMA compliance and Financial Reforms.
- To create an enabling environment for effective, efficient and economic service delivery.
- Ensuring that the municipality maintains Financial Sustainability and Financial Health.
- Ensure good customer service.
- Ensure Financial Risk Management to safeguard council's financial resources.
- Regular, accurate, relevant and meaningful reporting to foster accountability, transparency and improved decision-making.
- Setting and maintaining high standards in financial management and best practices.
- Improved Accounting and Financial Management Services.
- Implementation of Activity-based Costing to improve affordability and sustainability of services.

Core Functions

Finance Directorate is not a direct service delivery directorate but provides a support service and assist in creating an enabling environment for effective, efficient and economic service delivery.

Expenditure and SCM

This section is responsible for the following functions:

- Salaries: Implementation of approved payroll, payment of salaries, allowances, statutory deductions, IRP5 certificates and accounting for payroll implementation.
- Creditors: Payment within 30 days and recording of creditors' payments and reconciliations. It is also responsible for Bank Reconciliations, Investments and Loans Management.
- Supply Chain Management: Responsible for procurement of goods and services according to Supply Chain Management Policy and Regulations including logistics, disposal and performance management. Ensure that the principles of fair, transparent, equitable, competitive and cost-effective procurement are adhered to.

Revenue Section

This section is responsible for administration of Revenue and Councils Debtors which includes, inter alia, the following core functions:

- Facilitate application and termination of municipal services
- Debtors Database Update
- Billing of Debtors on financial system
- Meter reading and processing thereof
- Rendering of monthly consumer/rates debtors accounts.
- Receipting, Banking and Reconciliation of monies collected
- Credit Control, Debt Collection and Indigent Management.
- Issuing of Clearance Certificates
- Debtors Customer Care and Query Administration

Budget Office

This section is responsible for the following functions:

- Budgeting and implementation of Budget Reforms
- In-year Reporting (Section 71 and Other Statutory Reports)
- Annual Financial Statements
- Budgetary Management and Control
- Asset Management
- Insurance Management
- Risk Management
- Costing Services
- Co-ordinate Financial Policy Formulation

3.24.2 FINANCIAL SERVICES: CHALLENGES

The biggest challenge within the financial section remains the functioning and results of the Revenue Section which is critical to financial sustainability and consequently it is the area that we should be focussing on.

The problem is that expectations and frustrations of the poorest of the poor are escalating by the day and the municipality is simply not able to respond due to lack of funding. The wider the gap between expectations and institutional capacity the bigger the risk of service protests. It is the responsibility of all to manage expectations down to a realistic and

affordable level. Obviously every attempt should also be made to manage the institutional capacity up in response to narrowing the gap between expectation and capacity.

The backlogs in infrastructure further puts pressure on municipal finances. The inability of the municipality to spend in non-grant funded areas due to lack of reserves are causing frustration in paying community and could negatively affect their willingness to pay. The uncertainty surrounding the sustainability of future grant funding, central government's fiscal model, low revenue base, unemployment and the community's ability/willingness to pay for services as well as the uncontrolled influx of unemployed, unskilled and homeless people into the municipal area are factors all of which have a negative impact on the financial health of the municipality.

Although the financial health of the municipality has improved considerably over the last few years, the current financial health as reflected in various ratios indicates an inherent risk to service delivery sustainability and should these risk not be mitigated or eliminated a breakdown in service delivery could become a reality.

3.24.3 EMPLOYEES: FINANCIAL SERVICES

Employees: Financial Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	31	31	29	2	6%
7 - 9	23	23	22	1	4%
10 - 12	17	17	16	1	6%
13 - 15	8	8	7	1	13%
16 - 18	1	1	1	1	100%
19 - 20					-
Total	80	80	75	6	8%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>					

T.3.70.4

3.24.4 FINANCIAL PERFORMANCE: FINANCIAL SERVICES

Financial Performance: Financial Services					
R'000					
Details	2016/17	2017/18			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(76 928)	(81 654)	(83 289)	(87 497)	5%
Expenditure:					
Employees	21,559	17,811	17,494	18,917	8%
Repairs and Maintenance	,315	,166	1,329	,602	-55%
Other	10,147	11,009	13,007	18,612	43%
Total Operational Expenditure	32,020	28,986	31,830	38,131	20%
Net Operational Expenditure	(44,908)	(52,668)	(51,459)	(49,366)	-4%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.70.5

3.24.5 CAPITAL EXPENDITURE: FINANCIAL SERVICES

Capital Expenditure : Financial Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	42	42	19	-55%	
Inventory Items Finance	42	42	19	-55%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.70.6

Debt Recovery			
R' 000			
Details of the types of account raised and recovered	Billed in year	Payment	Percentage Collection
Property Rates	98,397	93,425	95%
Service Charges - Water	64,490	51,937	81%
Service Charges - Sewer	27,553	20,578	75%
Service Charges - Refuse	29,947	21,656	72%
Service Charges - Electricity	80,216	72,814	91%
Interest Earned	10 340	0	0
Total	310,943	260,410	84%
			T3.70.2

Assessment of arrears on municipal services and property rates

Management of consumer debtors is one of the most important functions and a prerequisite for financial sustainability. The older the debt, the more difficult it becomes to collect the debt. It is therefore imperative and critical that effective credit control measures be taken against defaulting consumers as soon as an account falls into arrears. An analysis of the outstanding debt as at 30 June 2018 has revealed the following:

The total debtor's performance as at 30 June 2018, reflect a total outstanding debt amount of R156.58 million. The debtors over 90 days constitute 72 per cent of the total debtors owed to the Municipality. The year-on-year comparison reveals that the total debt has increased by 20 per cent from R130.94 million for June 2016/17 to R156.58 million for June 2017/18.

Despite all the challenges such as high unemployment and poverty, a 53% indigent population, the Genadendal transformation issue which remains unresolved and an obstacle for debt collection and credit control and the lack of an effective credit control mechanism in Grabouw, Tesselaarsdal, Genadendal and Botrivier, it is incumbent upon us to develop strategies and innovative approach to credit control and debt collection to improve the ratio to at least 92%. The 2018/19 financial year will be even a bigger challenge due to the fact that the implementation of mSCOA had caused a delay in sending out municipal accounts and effectively no credit control and debt collection could be performed for the 2017/18 financial year.

The measures that will be taken during 2018/19 to try and improve revenue collection are as follows:

- Continue the installation of water demand management devices as a credit control mechanism in especially Grabouw, Tesselaarsdal, Genadendal and Botrivier.
- Decentralising the credit control function and centralising the debt collection function. Consideration will be given to capacity building in the debt collection function to appoint someone that will be able to follow through on the legal process right until appearing in court on behalf of the municipality. The roll out of a new debt collection system since the current service provider do not have the functionality.
- Adopt and implement a Revenue Enhancement Strategy which will consist of developing incentives as a method to transform debt collection function into a rehabilitative rather than a punitive action. In addition, the newly created community development function will be utilized to rehabilitate defaulters.
- Increase the registration of indigents and amend the indigent policy to ensure that all indigents are registered and to reduce the administrative burden of indigent management.
- Continue discussions and engagements to resolve the Genadendal transformation issue.
- Continue to lobby SALGA and CoGTA to amend legislation and to introduce new enabling legislation that will support debt collection efforts.
- Continue discussions and engagements with SALGA to enter into service delivery agreements with Eskom in areas where Eskom is providing electricity.
- Develop and set up a customer care and management function.

- Adopt and implement a new data cleansing project to ensure all customer data is sanitized and all money due is collected.

3.25 HUMAN RESOURCE SERVICES

The Human Resources Department of Theewaterskloof municipality provides human resource management programs and services, aligned with the municipality's strategy, values of integrity, excellence and wellness; and consistent with Council and regulatory requirements, to enable the municipality to meet its strategic and service goals by: Promoting excellence in human resource management and providing leadership in the implementation of the municipality 's strategy, Providing a proactive human resource advisory, information and service function to the line departments, Providing information to Council and the organization to support human resource decision making, and supporting employment related legislative compliance.

The following represents the organizational structure of the Human Resources department:

- HR Strategy
- Labour Relations / IR
- Health & Safety
- Risk Management
- Benefits & HR Administration
- Staffing & Workforce Planning
- Training and Development
- Organizational Development
- Employee Assistance

The HR department use the following pillars as a basis:

-Employee Wellness

Where employees are assisted in balancing their career, home and personal life through supportive human resource policies and management approaches.

-A Learning Organisation

Establish a commitment to align career development practices with employee's personal goals and existing corporate objectives.

-Leadership

Develop leaders within all levels of the organization who will share enthusiasm, a sense of purpose and direction, and reflect the values of the organisation.

-Service excellence

Providing business and service excellence by revisiting our business objectives, effectively using technology, ensuring staff are well trained, effectively managing change and objectively measuring performance for continuous improvement

3.25.1 EMPLOYEES: HUMAN RESOURCE SERVICES

Employees: Human Resource Services					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	-
10 - 12	4	4	4	0	0%
13 - 15	2	2	2	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	-
Total	8	8	8	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.71.4					

3.25.2 FINANCIAL PERFORMANCE: HUMAN RESOURCE SERVICES

Financial Performance: Human Resource Services					
R'000					
Details	Year 2016/17		Year 2017/18		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	(569)	(400)	(660)	(678)	3%
Expenditure:					
Employees	3,986	4,425	4,425	4,475	1%
Repairs and Maintenance	–	–	–	–	–
Other	4,983	5,166	5,166	4,461	-14%
Total Operational Expenditure	8,969	9,591	9,591	8,936	-7%
Net Operational Expenditure	8,400	9,191	8,931	8,258	-8%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.71.5

3.25.3 CAPITAL EXPENDITURE: HUMAN RESOURCE SERVICES

Capital Expenditure : Human Resource Services					
R' 000					
Capital Projects	2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	,33	,33	,8	-332%	
Project A	,22	,22	–		
Project B	,2	,2	,1	-58%	
Project C	,3	,3	,1	-137%	
Project D	,6	,6	,5	-15%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.71.6

3.26 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

3.26.1 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

With the world-wide increase of ICT security threats, the municipal ICT units is constantly under an obligation to increase restrictive security measures. Whilst increasing our security we still have to balance such restrictions with operational requirements of internal staff, as well as considering public service delivery. This creates a grey area that is prone to security risks. ICT security has become the number one risk within the division and a constant effort is made to keep abreast with the technological changes that affect ICT security that can negatively impact service delivery or result in legal complications.

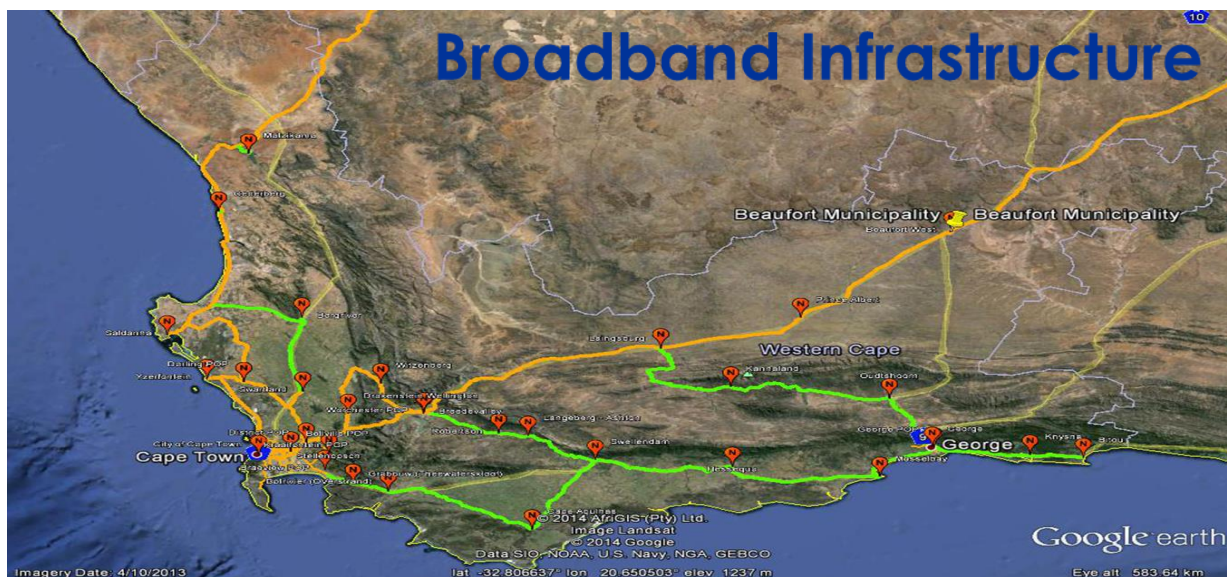
As a support function, the ICT division have become more involved in decision-making processes of the municipal administration. The municipal ICT Steering Committee (ICTSC) is the formal committee of council who has council authority to make decisions with regards to the municipal ICT governance. The ICTSC is under the leadership of the Municipal Manger and the committee includes councillors and the internal audit representatives.

The municipality was also involved in the standardization of municipal ICT policies throughout the Western Cape. This lead to the Theewaterskloof municipal council approving fourteen policies. The ICT division is working to determine the cost of implementation, required resources and implementation time-lines. With these policies in place and once implemented, Theewaterskloof municipal ICT will be aligned with national and international ICT Best Practices.

The municipality is also involved in an official ICT shared-services investigation with other municipalities in the Overberg. With the aid of the Western Cape Provincial Government, the

Overberg District Municipality was tasked to appoint a service provider who is assisting the municipalities to investigate ICT shared-services.

The goal of the municipal ICT division is be an enabler of the business in order to give effect to the municipal mandate to provide services to communities and this we try to achieve by sourcing and using the latest technologies.



3.26.2 EMPLOYEES: ICT SERVICES

Employees: ICT Services					
Job Level	2016/2017		YEAR 2017 / 2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	4	4	3	1	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	5	5	4	1	20%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p>T3.72.4</p>					

3.26.3 FINANCIAL PERFORMANCE: ICT SERVICES

Financial Performance: ICT Services					
					R'000
Details	Year 2016/17		Year 2017/18		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	–	–	–	–	0%
Expenditure:					
Employees	1702	1908	1908	1908	0%
Repairs and Maintenance	–	–	–	–	0%
Other	3,676	4,391	7,157	6,286	-12%
Total Operational Expenditure	5,378	6,299	9,065	8,194	-10%
Net Operational Expenditure	5,378	6,299	9,065	8,194	-10%
<i>Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.</i>					T3.72.5

3.26.4 CAPITAL EXPENDITURE: ICT SERVICES

Capital Expenditure Year 2017/18: ICT Services					
					R' 000
Capital Projects	Year 2017/18				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	869	869	511	-70%	
Project A:	869	869	511	-70%	
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T3.72.6

3.27 PROPERTY MANAGEMENT**3.27.1 PROPERTY MANAGEMENT: CHALLENGES/HIGHLIGHTS**

This component includes: property management.

Challenges

- The declining economy, is still one of the biggest challenges.
- The strict criteria set by the banks for obtaining bonds results into not having enough bank credible buyers to buy and develop available properties.
- The backlog in the provision of bulk services in all of the towns has a big influence on development.

- The high cost to build and provide infrastructure still remains a big factor.
- The provision of affordable housing within the Theewaterskloof area is a big challenge.

Achievements

- The 1st Phase of Extension 12 in Caledon where 112 walk-up sectional title residential units as well as 97 town houses will be established, is in construction. This development will provide much needed housing and give first home owners the opportunity to enter into the market as well as pensioners who wants to scale down to smaller properties.
- The development of portion of Erf 136 Caledon is earmarked for the development of tourism related businesses that will help develop the economy of the region as well as create job opportunities. An extensive feasibility study with public participation was done to determine the possible types of activities that can be accommodated as well as the method of tenureship.
- The development of a private hospital in Caledon is currently in the planning process. The hospital will aid in unlocking the development of retirement villages as well as the provision of specialised medical services to the area.
- The development of 73 Industrial properties in Caledon is currently in the planning process. New businesses will be established over the next 10 to 20 years where much needed job opportunities will be created and will make a big contribution to the economy of the area. Other areas are also in investigation phase
- The development rights for a Flight Park in Caledon was obtained and is the execution of the construction currently in planning.
- Various properties were identified for the development of GAP / Affordable housing.

3.27.2 EMPLOYEES PROPERTY MANAGEMENT AND VALUATIONS

Employees: Property Management					
Job Level	2016/2017		YEAR 2017 / 2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	1	1	1	0	0%
10 - 12	1	1	1	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	3	3	3	0	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.73.4					

Employees: Valuations					
Job Level	2016/2017		YEAR 2017/2018		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	-
4 - 6	0	0	0	0	-
7 - 9	0	0	0	0	-
10 - 12	0	0	0	0	-
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	-
19 - 20	0	0	0	0	-
Total	1	1	1	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T3.56.4					

3.27.3 FINANCIAL PERFORMANCE: PROPERTY MANAGEMENT

Financial Performance : Property Services					
					R'000
Details	Year 2016/17		Year 2017/18		Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	(5 619)	(1 961)	(1 961)	(1 764)	-10%
Expenditure:					
Employees	1,815	2,280	2,280	2,001	12%
Repairs and Maintenance	1,999	,533	,610	,616	-1%
Other	1,694	,808	1,928	1,628	16%
Total Operational Expenditure	5,509	3,621	4,818	4,246	12%
Net Operational Expenditure	(,110)	1,660	2,857	2,482	13%
Net expenditure to be consistent with summary table T5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Adjustment Budget and the Actual divided by the Adjustment Budget.					T3.73.5

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)



The municipality currently has a staff component of 664 staff members who are responsible for ensuring effective service delivery to the community and collectively contribute towards the achievement of the municipality's strategic objectives.

The Human Resource Management department has as its main aim to ensure competent staff is recruited as well as the development of current staff members and the unemployed youth.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL**4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES****4.1.1 EMPLOYEES**

Employees					
Description	Year 2016/2017	Year 2017 2018			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	44	51	47	4	9%
Waste Water (Sanitation)	56	61	57	4	7%
Electricity	20	20	19	1	5%
Waste Management (Solid Waste)	87	92	88	4	5%
Housing	14	14	12	2	17%
Waste Disposal	32	32	32	0	0%
Roads	88	103	99	4	4%
Traffic	76	85	75	10	13%
Town Planning	14	14	10	4	40%
Local Economic Development	5	5	3	2	67%
IDP	2	2	2	0	0%
Finance	71	80	75	6	8%
Administration	58	67	66	1	2%
HR	8	8	8	0	0%
IT	5	5	4	1	25%
Property Management	3	3	3	0	0%
Parks	34	41	38	3	8%
Libraries	25	25	22	3	14%
Valuations	1	1	1	0	0%
Internal Audit	3	3	3	0	0%
Totals	646	712	664	49	2
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June.					T4.1.1

4.1.2 VACANCY RATE: YEAR 2017/18

Vacancy Rate: Year 2017/18			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	2	1	50.00
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	0	0	0.00
Traffic & Law Enforcement	43	5	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	21	2	9.52
Senior management: Levels 13-15 (Finance posts)	7	2	28.57
Highly skilled supervision: levels 9-12 (excluding Finance posts)	64	2	3.13
Highly skilled supervision: levels 9-12 (Finance posts)	15	0	0.00
Total	154	12	7.79
<i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>			T4.1.2

4.1.3 TURN-OVER RATE: YEAR 2017/18

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year (including promotions)	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2014/15	608	22	3.62%
2015/16	608	45	7.40%
2016/17	616	22	3.57%
2017/18	712	28	3.93%
<i>* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year</i>			T4.1.3

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE**4.2 MANAGING THE MUNICIPAL WORKFORCE****4.2.1 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT**

The Municipal Systems Act, S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

The Human Resource division comprises of the following sections namely: HR Administration, Labour Relations, Recruitment & selection, Training and development, OH&S and Risk Management as well as Organisational Development and Employee Assistance

4.2.2 HUMAN RESOURCE POLICIES AND PLANS

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Employment Equity Policy	100%		15-Sep-11
2	Medical Assistance for Former Emp	100%		5-May-11
3	EAP Policy	100%		1-Jun-12
4	HIV/Aids Policy	100%		30-Mar-13
5	Leave Policy	100%		1-Apr-13
6	Payment of Travel and Subsistence	100%		23-Jun-16
7	Employment Practice Policy	100%		Policy was reviewed by Council on 30 November 2017 (C222/2017)
8	Induction Policy	100%		7-Aug-12
9	Policy Use of Protective Equipment	100%		14-Jan-10
10	Sexual Harassment Policy	100%		1-Sep-11
11	Smoking Policy	100%		26-May-08
12	Training Policy	100%		31-Oct-13
13	Bursary Scheme Policy	100%		15-Oct-08
14	Health and Safety Policy	100%		1-May-08
15	Scarce Skills Policy	100%		20-Mar-13
16	Vehicle Allowance Policy	100%		29-Mar-17
17	Appointment of Retired Proff	100%		1-Jul-17
18	Policy Transport Allowance for Councillors	100%		Policy was reviewed by Council on 29 March 2017
19	Cellular Allowance Policy	100%		1-Nov-16
20	Overtime Policy	100%		1-Nov-16
21	Travel and Subsistence Policy	100%		27-Jul-17
<i>Use name of local policies if different from above and at any other HR policies not listed.</i>				T4.2.1

4.2.3 COMMENT ON WORKFORCE POLICY DEVELOPMENT

All HR Policies are reviewed annually and amended if needed. As soon as staff policies are approved by Council, roadshows to all staff are conducted to ensure that staff members are informed of the changes and or new policies.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

4.3.1 NUMBER AND COST OF INJURIES ON DUTY

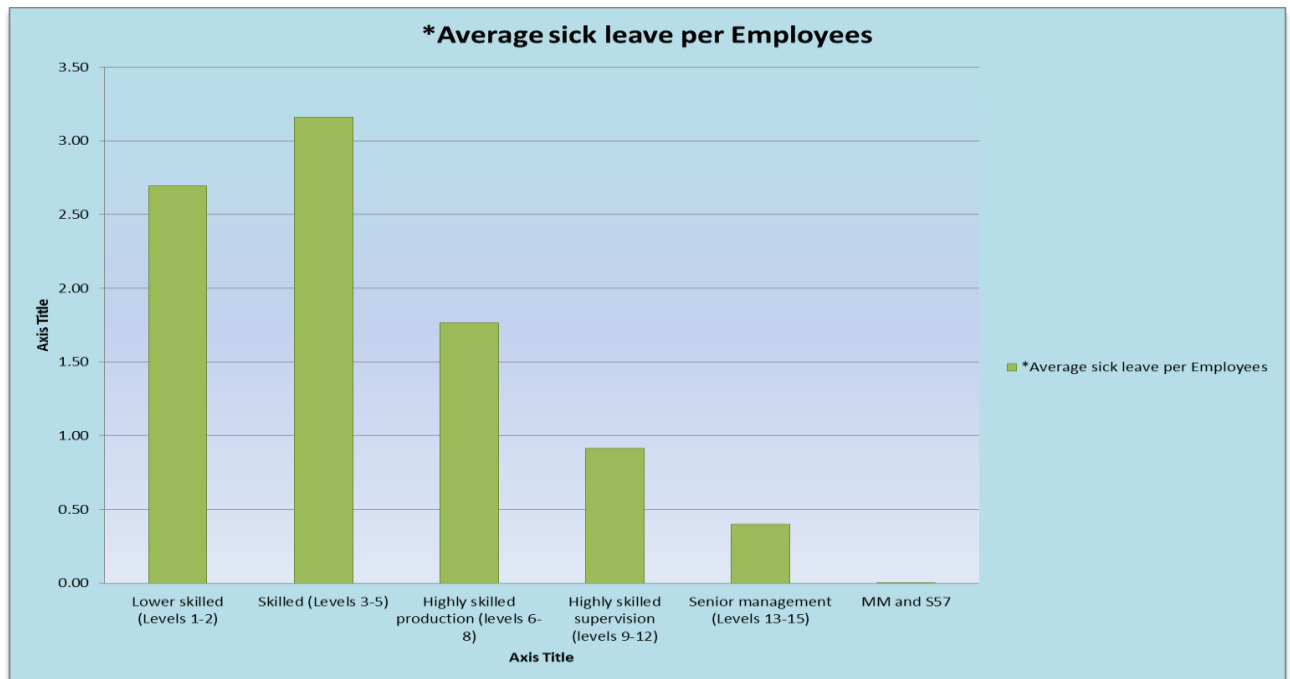
Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	81	36	44.44%	2.25	
Temporary total disablement	44	2	4.55%	8.8	
Permanent disablement	0	0	0.00%	0	
Fatal	0	0	0.00%	0	
Total	125	38	30.40%	25	R 0.00
					T4.3.1

The municipality strives to reduce the injuries on duty in order to contain cost as well as to maintain levels of service delivery. To this end, regular safety meetings are conducted where safety concerns are addressed as well as weekly toolbox discussions and flash reports to staff.

4.3.2 NUMBER OF DAYS AND COST OF SICK LEAVE (EXCLUDING INJURY ON DUTY)

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	1760	27%	171	206	2.70	R 602 980.00
Skilled (Levels 3-5)	2064	25%	223	251	3.16	R 939 493.00
Highly skilled production (levels 6-8)	1152	19%	109	120	1.76	R 803 679.00
Highly skilled supervision (levels 9-12)	596	11%	36	42	0.91	R 652 383.00
Senior management (Levels 13-15)	262	16%	25	32	0.40	R 471 852.00
MM and S57	3	3%	2	2	0.00	R 12 603.00
Total	5837	17%	566	653	8.94	R 3 482 990.00
* - Number of employees in post at the beginning of the year						T4.3.2
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

4.3.3 AVERAGE NUMBER OF DAYS OF SICK LEAVE (EXCLUDING INJURY ON DUTY)



4.3.4 COMMENT ON INJURY AND SICK LEAVE

Sick leave and IOD leave has a direct impact on service delivery. The municipality is constantly looking at possible abuse of sick leave and if found corrective measures are put in place. Information sessions are also conducted to make staff members aware of procedures in respect of sick leave.

4.3.5 NUMBER AND PERIOD OF SUSPENSIONS

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Law Enforcement Officer	Gross Negligence; Gross dishonesty	30/05/2017	Dismissed. Appealed sanction. Reinstated	09/07/2018
SCM Official	Gross dishonesty ; Used Transunion system for personal gain ; "Wettige instruksie verontagsaam." Alternative: Did not perform duties to the best of her ability.	06/02/2018	Found not guilty	16/07/2018

A new Disciplinary Procedure Collective Agreement was entered into at the SALGBC between the employer organisation (SALGA), and the two recognised unions, SAMWU and IMATU. This collective agreement replaces the previous lapsed agreement and has as its

main aim to ensure a fair common and uniform procedure for the management of discipline in the workplace. This collective agreement is applicable to all staff members except the Accounting Officer and Senior Management

4.3.6 DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
<i>No cases of financial misconduct</i>			
			T4.3.6

4.4 PERFORMANCE REWARDS

4.4.1 PERFORMANCE REWARDS BY GENDER

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 2017/18	Proportion of beneficiaries within group
				R' 000	%
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female				
	Male				
MM and S57	Female				
	Male	6	6		100%
Total		6	6		100%
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
<i>Note: MSA 2000 S51 (d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i>					T4.4.1

4.4.2 COMMENT ON PERFORMANCE REWARDS

The implementation of performance management to lower levels of staff could not be realised due to capacity constraints therefore organisational performance has been implemented. The municipality is however in the process of setting up a performance management section within the Human Resources Department to start with the implementation of a performance management system for all staff below the Municipal Manager and Senior Management.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the MSA states that the municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose the human resource

capacity of a municipality must comply with the Skills Development Act (SDA), 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Development Act (1998) and the Municipal Systems Act, (2000), require employers to supply employees with the necessary training in order to develop its human resource capacity. Section 55(1) (f) states that as head of administration the Municipal Manager is responsible for the management, utilisation and training of staff.

4.5.1 NUMBER OF SKILLED EMPLOYEES

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 2018	Number of skilled employees required and actual as at 30 June Year 2018											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year 2017	Actual: End of Year 2018	Target	Actual: End of Year 2017	Actual: End of Year 2018	Target	Actual: End of Year 2017	Actual: End of Year 2018	Target	Actual: End of Year 2017	Actual: End of Year 2018
MM and s57	Female	2												
	Male	2											0	
Councillors, senior officials	Female	21	14	14	14	3	5	8	1	13	14	10	5	36
	Male	37	17	17	27	6	1	7	1	14	15	8	10	49
Technicians and associate	Female	3	1	1	2	17	10	27	9	9	18	5	10	47
	Male	36	8	6	14	3	10	13	11	11	22	4	10	49
Professionals	Female	16	4	4	8	1	3	4	3	3	6	8	10	18
	Male	30	4	4	8	1	1	2	7	7	14	12	12	24
Sub total	Female	42	1	1						25	38	1		
	Male	105	8	7						32	51	8		
Total		147		8	0		0	0		57	89		0	0

*Registered with professional Associate Body e.g CA (SA)

T4.5.1

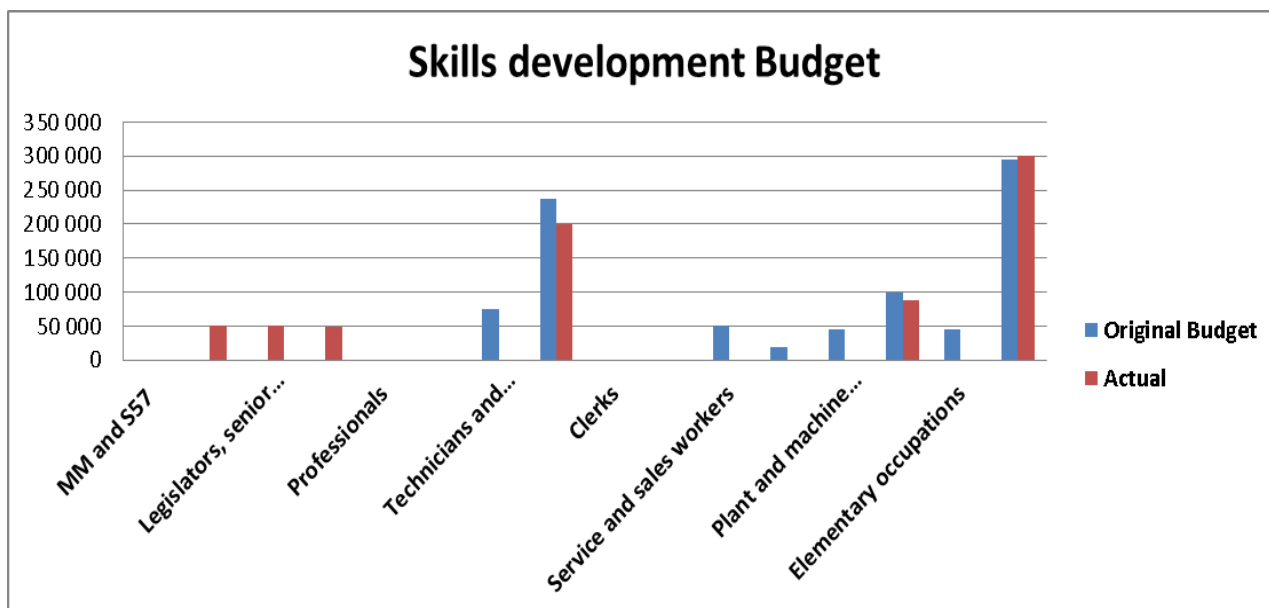
4.5.2 FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	1	0	1	0	1	0
<i>Any other financial officials</i>	21	0	21	8	0	8
Supply Chain Management Officials						

<i>Heads of supply chain management units</i>	1	0	1		0	0
<i>Supply chain management senior managers</i>	0	0	0		0	
TOTAL	25	0	25	10	3	10
<i>* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)</i>						T4.5.2

4.5.3 SKILLS DEVELOPMENT EXPENDITURE

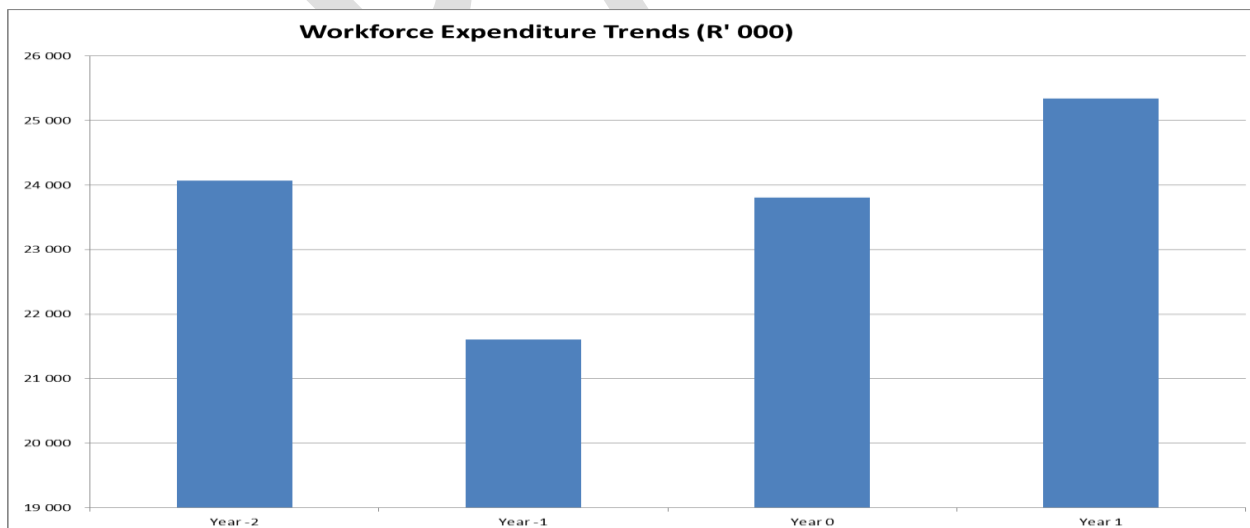
Skills Development Expenditure										
										R720000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 2017/2018							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0	0		0				R72000	0
	Male	2	0		25 000		50 000	50 000	R72000	50 000
Legislators, senior officials and managers	Female	21	0		25 000	R20000	50 000	50 000	R72000	50 000
	Male	37	0		150 000	R46000	50 000	49 000	R700000	49 000
Professionals	Female	16	0		60 000	R60000			R654000	
	Male	30	0		50 000	R50000			R594000	
Technicians and associate professionals	Female	3	R54400	R90000	75 000				75 000	
	Male	36	215 000	200 000	22 000				237 000	200 000
Clerks	Female	10	0							
	Male	5	0							
Service and sales workers	Female	110	0		50 000	R30000			50 000	
	Male	30	0		20 000	R10000			20 000	
Plant and machine operators and	Female	2	0		45 000	R13000			45 000	
	Male	62	0		100 000	89 000			100 000	89 000
Elementary occupations	Female	234	45 000	R45000					45 000	
	Male	346	295 000	300 000					295 000	300 000
Sub total	Female	160	99 400	135 000	255 000	123 000	50 000	50 000	404 400	308 000
	Male	140	510 000	500 000	367 000	195 000	100 000	99 000	977 000	794 000
Total		300	609 400	635 000	622 000	318 000	150 000	149 000	1 381 400	1 102 000
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>									0.5	R720000
THE total Budget was R720000										T4.5.3



COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

The percentage personnel expenditure is essential in the budgeting process as it reflects on current and future efficiency. The table below indicates the percentage of the municipal budget that was spent on salaries and allowance (excluding councillor remuneration) for the past three financial years and that the municipality is well within the national norm of between 35 to 40%.

4.6 EMPLOYEE EXPENDITURE



4.6.1 NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITION BEING UPGRADED

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	3
	Male	
Highly skilled supervision (Levels 9-12)	Female	2
	Male	
Senior management (Levels 13-16)	Female	1
	Male	
MM and S 57	Female	
	Male	
Total		6
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).		T4.6.2

4.6.2 EMPLOYEES WHOSE SALARY LEVELS EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Meter Reader	4	T5	T6	Result of outcome of evaluations
Manager	1	T14	T15	Result of outcome of evaluations
Chief	1	T14	T13	Result of outcome of evaluations
				T4.6.3

4.6.3 EMPLOYEES APPOINTED TO POSTS NOT APPROVED

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
None				
				T4.6.4

CHAPTER 5 – FINANCIAL PERFORMANCE



5.1 INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

The municipality recent had a financial assessment done and the following are an extract of key findings relating to Theewaterskloof:

- ❖ Notwithstanding the diversified economy and a reasonably low seasonally adjusted unemployment rate of 15.3%, Theewaterskloof has the lowest average annual per capita income in the district of R53 546.
- ❖ All the above mentioned factors, in conjunction with the low growth in GVA, results in a “medium” municipal revenue risk indicator for Theewaterskloof, which indicates that a medium risk exists that the households will not be able to pay for the services delivered.
- ❖ Notwithstanding a low growth in household formation of 8% between 2007 and 2016, the municipality was not able to sufficiently address service delivery backlogs and the infrastructure index of 0,81 remains below that of the Overberg District and that for the Western Cape Province.
- ❖ Positively, the liquidity ratio of Theewaterskloof increased from 1.01 to 1.40 during 2017 due to an increase in current assets and a decrease in current liabilities.

- ❖ Notwithstanding strong cash generated by operations of R38.6 million, the municipality's unencumbered cash and cash equivalents is still R8.4 million short of the minimum liquidity required.
- ❖ The low collection rate of 84% remains the major area of concern and it must be high priority for Theewaterskloof to address this low collection rate.
- ❖ The decreased gearing ratio of 22% provides an opportunity for a further uptake in borrowings to assist growth in capital expenditure.
- ❖ It is anticipated that capex will reach 12.9% of total expenditure by 2027, which is slightly above the minimum recommended 10%, but still too low to provide for the eradication of backlogs, new capital formation and asset replacement.
- ❖ It is estimated that the municipality will be able to invest in a capital programme of R 874 million during the planning period to FYE2027 and be able to afford that 28% of this capex is funded with external financing.
- ❖ Subject to continued financial discipline, liquidity is expected to improve and the cash and cash equivalents are estimated to exceed the minimum liquidity requirements by 2021.
- ❖ Based on this latest review, IPM's shadow credit rating indicates that Theewaterskloof reflects an investment grade which should translate to a BBB+ national rating if international rating scales should be applied.

Demographics and Economic Overview of the Municipality

To understand the financial challenges and position of the municipality it is important that one has an understanding of the demographics and economic environment of the region:

- ❖ Population of 119 052 with a growth rate of 5.4%. Population estimated to 125 505 by the 2023.
- ❖ Job creation in Theewaterskloof area between 2010 and 2015 was greater than the number of jobs lost after recession, however like with economic growth, employment creation also declined in 2016 in all sectors, with the agricultural, forestry and fishing and transport, storage and communication sectors jointly shedding 315 jobs.
- ❖ Theewaterskloof's Wholesale and retail trade, catering and accommodation services is the largest employer in the Municipality, This sector employed 17.8 % of the municipality's workforce (making it the largest employer)

Three larger employment sectors in TWK are as follows:

- ❖ Commercial services encompass the wholesale & retail trade, catering & accommodation, transport, storage & communication and finance, insurance, real estate & business services industries. (17.8%)
- ❖ Finance, insurance, real estate and business services (16.6%)
- ❖ Agriculture, fishing and forestry (14.1%)

During yet another tough economic year, the municipality had to continue to introduce initiatives to handle and deal with price increase, especially those attributable to inflationary increases. The municipality continued to strengthen its stance on decreasing/eliminating non-essential spending.

Looking at the future the municipality identified several key matters to be dealt with in 2017/2018:

- ❖ Financial Reform, reducing subsidization of rate funded services by trading surpluses. This process is to be phased in over financial years, depending on the financial position of the municipality.
- ❖ Operational input costs, such as bulk water, personnel costs, fuel and bulk electricity, `exceeding the inflation rate.
- ❖ Drastic rates and tariff increases to address the threats.
- ❖ Cash funded reserves, improving the capital replacement reserve.
- ❖ Municipal sustainability considerations versus the affordability of the Municipal bill.
- ❖ An indigent population of 53% and increased pressure on those who carries the bulk of the municipal bill.
- ❖ National Grants funds for services and capital projects in previously disadvantaged areas.
- ❖ Improved debt collection remains key the success of remaining financial viable and therefor remains at the fore front of focus areas.

The municipality performed in 2017/18 when comparing to financial achievements to the previous financial year (2016/17). The following achievements during the financial year should be highlighted:

- ❖ A clean audit was achieved for the first time in 2012/13 which is proof of sound financial practices and principles. Only 30 (12 in the Western Cape) municipalities from a total of 278 had obtained this achievement nationally. The municipality managed to sustain the clean audit outcome both in 2013/14, 2014/15, 2015/16, 2016/17.
- ❖ The collection rate has decreased insignificantly from 88% in 2017 to 83% in 2018.
- ❖ The Current Ratio remains 1.4:1, the higher the current ratio, the more capable the municipality is of paying its obligations, as it has a larger proportion of assets value relative to the value of its liabilities. The municipality has more than enough to cover its current liabilities if they come overdue.
- ❖ Capital replacement reserve has decreased from R13, 385m in 2017 to R 12,425m in 2018.
- ❖ Capital spending: Despite being rated one of the least financial viable municipalities TWK over the last 10 years invested R654m in capital assets and infrastructure.

- ❖ TWK has posted annual Accounting Surpluses with the exception of a deficit in 2011/12 for the last 14 financial years. The surplus realized in 2018 amounts to R 69, 265m.
- ❖ TWK has been able to manage its credit score within the BBB Band for more than 13 years.
- ❖ Efficient costing of services and projects by identifying and managing the cost drivers.
- ❖ Active use of forecasts and projections to manage cash flow efficiently.
- ❖ Active monitoring of income and expenditure against pre-determined budget targets/projections.
- ❖ Set financial benchmarks and monitor performance against them.

DRAFT

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.2 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary						
R' 000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustment Budget	Actual	Original Budget	Adjustment s Budget
Financial Performance						
Property rates	85,873	94,233	94,233	98,397	4.42%	4.42%
Service charges	193,926	198,007	200,007	202,205	2.12%	1.10%
Investment revenue	7,323	5,500	5,810	8,157	48.32%	40.40%
Transfers recognised - operational	95,491	129,296	136,799	96,989	-24.99%	-29.10%
Other own revenue	60,839	52,344	52,458	77,673	48.39%	48.07%
Total Revenue (excluding capital transfers and contributions)	443,453	479,381	489,308	483,421	0.84%	-1.20%
Employee costs	166,898	186,963	182,496	181,044	-3.17%	-0.80%
Remuneration of councillors	9,987	11,650	11,628	11,539	-0.95%	-0.77%
Depreciation & asset impairment	23,097	28,302	28,302	24,122	-14.77%	-14.77%
Finance charges	14,238	20,105	20,105	19,010	-5.45%	-5.45%
Materials and bulk purchases	67,126	122,737	118,797	87,739	-28.51%	-26.14%
Transfers and grants	2,285	,110	,140	2,378	2061.64%	1598.43%
Other expenditure	149,093	128,964	147,093	138,742	7.58%	-5.68%
Total Expenditure	432,724	498,831	508,561	464,573	-6.87%	-8.65%
Surplus/(Deficit)	10,729	(19,450)	(19,253)	18,848	-196.91%	-197.89%
Transfers recognised - capital	38,416	61,805	74,836	50,145	-18.86%	-32.99%
Contributions recognised - capital & contributed assets	,147	–	4,470	,272	–	–
Surplus/(Deficit) after capital transfers & contributions	49,292	42,355	60,053	69,265	63.54%	15.34%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	49,292	42,355	60,053	69,265	63.54%	15.34%
Capital expenditure & funds sources						
Capital expenditure	63,010	108,936	130,284	87,214	-19.94%	-33.06%
Transfers recognised - capital	38,818	61,805	74,836	46,059	-25.48%	-38.45%
Public contributions & donations	–	–	4,470	–	–	–
Borrowing	11,905	32,244	32,032	26,261	-18.56%	-18.02%
Internally generated funds	12,288	14,887	18,946	14,894	0.05%	-21.39%
Total sources of capital funds	63,010	108,936	130,284	87,214	-19.94%	-33.06%
Financial position						
Total current assets	114,701	101,875	107,665	133,180	30.73%	23.70%
Total non-current assets	795,203	883,824	897,184	853,115	-3.47%	-4.91%
Total current liabilities	81,827	121,483	87,757	91,944	-24.32%	4.77%
Total noncurrent liabilities	198,358	222,286	227,321	213,755	-3.84%	-5.97%
Community wealth/Equity	629,718	641,930	689,771	680,596	6.02%	-1.33%

Cash flows						
Net cash from (used) operating	76,981	79,736	82,560	95,335	19.56%	15.47%
Net cash from (used) investing	(62,021)	(108,435)	(129,783)	(87,571)	-19.24%	-32.53%
Net cash from (used) financing	(7,079)	24,416	24,510	(8,187)	-133.53%	-133.40%
Cash/cash equivalents at the year end	64,323	42,207	41,611	63,901	51.40%	53.57%
Cash backing/surplus reconciliation						
Cash and investments available	64,323	52,933	53,256	63,901	20.72%	19.99%
Application of cash and investments	23,516	18,015	16,743	29,944	66.22%	78.85%
Balance - surplus (shortfall)	40,807	34,918	36,513	33,956	-2.75%	-7.00%
Asset management						
Asset register summary (WDV)	774,328	873,096	885,538	840,534	-3.73%	-5.08%
Depreciation & asset impairment	23,097	28,302	28,302	24,122	-14.77%	-14.77%
Renewal of Existing Assets	23,729	7,109	8,645		-100.00%	-100.00%
Repairs and Maintenance	27,370	92,854	98,354	20,647	-77.76%	-79.01%
Free services						
Cost of Free Basic Services provided	20,381	17,296	20,696	19,459	12.51%	-5.98%
Revenue cost of free services provided	1,356	1,415	1,415	985	-30.40%	-30.40%
Households below minimum service level						
Water:	5	0	0	1	607.75%	607.75%
Sanitation/sewerage:	6	0	0	4	1428.38%	1428.38%
Energy:	1	—	—	—	—	—
Refuse:	—	—	—	—	—	—
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1						T5.1.1

Financial Performance of Operational Services						
						R '000
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Service						
Water Distribution	(26 417)	(8 790)	(16 182)	(18 600)	112%	14.94%
Waste Water Management	(576)	(3 480)	(2 887)	(2 796)	-20%	-3.13%
Electricity Distribution	(16 133)	(14 096)	(21 134)	(12 233)	-13%	-42.12%
Solid Waste Management	9 698	9 517	(7 768)	4 889	-49%	-162.93%
Housing Services	(6 453)	(32 600)	(39 514)	(12 200)	-63%	-69.13%
Component A: sub-total	(39 881)	(49 449)	(87 486)	(40 941)	-17%	-53.20%
Roads Services	24,455	25,254	22,854	25,986	3%	13.70%
Transport	–	–	–	–	–	–
Component B: sub-total	24,455	25,254	22,854	25,986	3%	13.70%
Planning	6,315	9,168	8,315	8,116	-11%	-2.39%
Local Economic Development	1,024	1,866	1,695	2,320	24%	36.85%
Component C: sub-total	7,339	11,035	10,010	10,436	-5%	4.26%
Community & Social Services						
Environmental Protection	2367	2527	2527	2332	-8%	-7.75%
Health	–	–	–	–	–	–
Public Safety	14,080	12,980	(14 156)	11,944	-8%	-184.38%
Sport and Recreation	6,873	9,606	9,520	8,029	-16%	-15.66%
Corporate Policy Offices and Other	22,621	40,203	40,664	34,718	-14%	-14.62%
Component D: sub-total	45,941	65,315	38,556	57,023	-13%	47.89%
Net Total Expenditure	37,853	52,155	(16 066)	52,504	1%	-426.81%
In this table operational income (but not levies or tariffs) is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget divided by the original/adjustments budget.						
						T5.1.2

5.3 GRANTS

Grant Performance						
R' 000						
Description	2016/17	2017/18			2017/18 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
-						
Operating Transfers and Grants						
National Government:	102 690	111 065	120 145	122 734		
Equitable share	69 861	77 911	77 911	77 911	0%	0%
Municipal Systems Improvement	-	-	-	-	0%	0%
Municipal Disaster Recovery	-	-	3 134	2 886	0%	0%
Local Government Financial Management Grant (FMG)	1 625	1 492	1 492	1 700	14%	14%
Municipal Infrastructure Grant (MIG)	20 885	23 642	24 625	27 044	14%	10%
National Electrification Programme	5 702	2 632	7 132	7 625	190%	7%
Expanded public works programme (EPWP)	1 049	1 621	1 623	1 623	0%	0%
Regional Bulk Infrastructure Grant	-	-	-	-	0%	0%
VAT on grants	3 568	3 767	3 905	3 767	0%	-4%
Public Works	-	-	323	178	0%	-45%
Neighbourhood Development Programme Grant	-	-	-	-	0%	0%
Provincial Government:	28 296	80 036	91 056	27 673		
Health subsidy	-	-	-	-		
Housing	19 235	72 621	79 118	16 681	-77%	-79%
Municipal Infrastructure Support Grant	-	-	-	-		
Sports and Recreation	-	-	-	-		
Financial Management Support Grant	527	-	680	330		-51%
CDW Operational Support Grant	122	130	130	84	-35%	-35%
Maintenance of proclaimed main roads	117	115	115	85	-26%	-26%
Library Service conditional Grant	7 950	6 718	6 718	7 499	12%	12%
Violence Prevention through Urban Upgrading	-	-	-	-	0%	0%
Thusong Service Centres Grant	225	212	595	460	117%	-23%
Municipal Capacity Building Grant	120	240	940	363	51%	-61%
Municipal Disaster Recovery (Water Supply Grant)	-	-	2 700	2 131	0%	-21%
LG Graduate Internship Grant	-	-	60	40	0%	-33%
District Municipality:		-	-		-	-
<i>[insert description]</i>					0%	0%
					0%	0%
Other grant providers:	2 921	1 020	6 231	1 725	-1	1
DBSA GIS	-	-	-	-		
IDC	-	-	162	162	0%	0%
DBSA LEDI	1 544	-	234	234	0%	0%
HAN	947	1 020	1 164	1 068	5%	-8%
SETA	278	-	200	261	0%	30%
SANRAL	153	-	4 470		0%	-100%
Total Operating Transfers and Grants	133 907	192 121	217 431	152 132		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.						
T5.2.1						

5.3.1 COMMENT ON OPERATING TRANSFERS AND GRANTS:

28.50% of Theewaterskloof's Total Revenue was derived from government grant and subsidies in 2017/18; indicating the Municipality's reliance on Grants and Subsidies. During the 2017/18 financial year the municipality received a total of R 152,132m. Provincial transfers of R 27, 673, national grants amounting to R 122, 734m and R 1,725m from other grant funders make up the total amount of grant funding received during the 2017/18 financial year. The largest transfer received was received in the form of equitable share (R77, 911m) and municipal infrastructure grant (R 27,044m).

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant 2016/17	Actual Grant 2017/18	2017/18 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
SETA	277	261				Skills Development
HAN	891	1346				Youth Development
DBSA LED	–	–				Local Economic Development
SANRAL	-	357				Infrastructure - Road transport
ECONOMIC DEVELOPMENT		70				Local Economic Development
Foreign Governments/Development Aid Agencies						
Private Sector / Organisations						
Provide a comprehensive response to this schedule						T5.2.3

5.3.2 CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES

The municipality received a total of R2, 034 m from Donors other than the division of revenue act. The HAN grant gives students from abroad the opportunity to engage with previously disadvantage communities and launch projects aimed at uplifting these communities. SETA is utilised from skills development and training within the organisation.

5.4 ASSET MANAGEMENT

5.4.1 Overview

Theewaterskloof Municipality have a centralised Asset Management Unit based in Caledon. The unit is responsible for all assets related functions throughout the entire region consisting of eight (8) towns.

Key Element from the Asset Management Policy (AMP)

The proper utilization and management of assets is one of the prime mechanisms by which a municipality can fulfil its constitutional objectives for:

- Delivery of sustainable services;
- Promotion of Social and economic development
- Promoting a safe and healthy environment and;
- Providing for the basic needs to the community.
- The municipality has a legal and moral obligation to ensure it implements policies to provide for the effective and efficient usage of its assets over the useful life thereof.
- The asset management policy deals with the municipal rules required to ensure the enforcement of appropriate stewardship of assets.
- Stewardship has three components being the:
 - Management, utilization and control by the Municipal Officials.
 - Financial administration by the Chief Financial Officer, and
 - Physical administration by the Asset and Property Managers
- Statutory provisions exist to protect public property against arbitrary and inappropriate management or disposal by a local government.
- Accounting standards are set to ensure the appropriate financial treatment for property, plant and equipment. The requirements of these accounting standards include:
 - The compilation of asset registers recording all assets controlled by the municipality.
 - Accounting treatment for the acquisition, disposal, recording and depreciation of property, plant and equipment.
 - The standards to which these financial records must be maintained.

The Municipal Manager is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

- The Municipal Manager must take all reasonable steps to ensure that:
- The municipality has and maintains a management, accounting and information system that records all the assets of the municipality;
- The municipality's assets are valued in accordance with recognised standards as prescribed by statutes and/or regulations;
- That the municipality has and maintains a system of internal control of assets, including an asset register; and
- That Senior Management comply with this policy.

The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial investment in the municipalities' assets is properly recorded.

- The Chief Financial Officer must take all reasonable steps to ensure that
- Appropriate systems of financial management and internal controls are established and carried out diligently;

- The financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are detected, prevented and investigated;
- The systems, processes and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of all statutes;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilized through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Directors and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- The Chief Financial Officer may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed

The Directors must take all reasonable steps to ensure that:

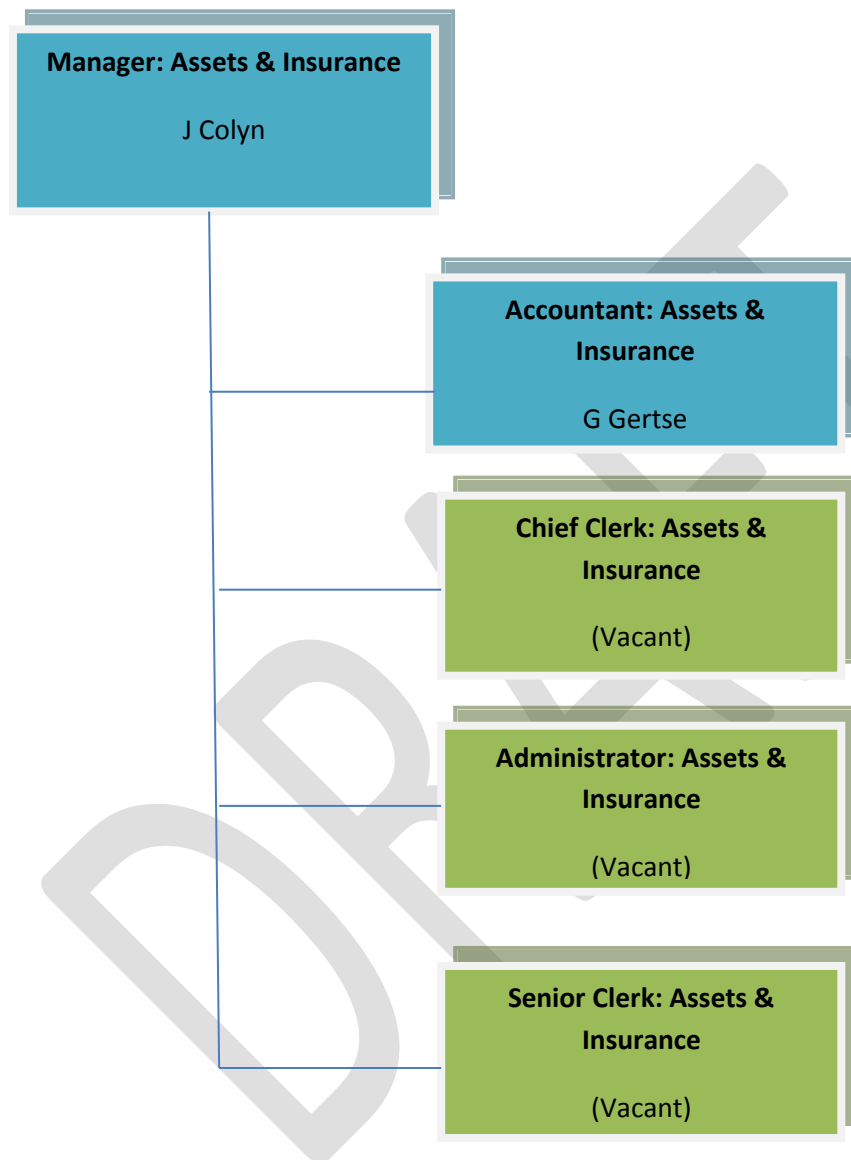
- Appropriate systems of physical management and controls are established and carried out for assets in their areas of responsibility;
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- The assets under their control are appropriately safeguarded and maintained to the extent necessary and that risk management systems are in place and applied;
- Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are detected, prevented and investigated;
- The asset management systems and controls can provide an accurate, reliable and up to date record of assets under their control.
- They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives.
- The purchase of assets complies with all municipal policies and procedures.
- The contribution (donation) asset communicated with the Asset Department in writing.
- All moveable property, plant and equipment is duly processed and identified and inspected as being in order before it is received into their stewardship.
- All moveable assets received into their stewardship are appropriately safeguarded against inappropriate use or loss. This will include control over the physical access to these assets and regular verification takes to ensure that no losses have occurred. Any known losses should be immediately reported to the Chief Financial Officer.
- Assets are appropriately utilized for the purpose for which the municipality acquired them.
- Report any lost, stolen and damaged asset in line with the insurance SOP and policy

The Director may delegate or otherwise assign responsibility for performing these functions but will remain ultimately accountable for ensuring these activities are performed

5.4.2 Asset Management Unit (AMU)

The organogram extract of the AMU on the next page represent the current human resource allocation

There are currently no capacity development initiatives in terms of the AMU



TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/18				R'000
Asset 1				
Name	Destiny Access Road			
Description	Replacing / Upgrading the Access Road : Destiny			
Asset Type	Fixed Asset			
Key Staff Involved	N Kayser			
Staff Responsibilities	Project Management			
	'2015/16	'2016/17	2017/18	
Asset Value			9,881	
Capital Implications	Maintenance Cost and Financing			
Future Purpose of Asset	Provision of an access road			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Drought Relieve			
Description	Provision for drought relieve			
Asset Type	Fixed Asset			
Key Staff Involved	L Parnell			
Staff Responsibilities	Project Management			
	'2015/16	'2016/17	2017/18	
Asset Value			9,255	
Capital Implications	Maintenance cost and Financing			
Future Purpose of Asset	Providing drought relieve			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Bulk Outfall Sewer			
Description	New bulk outfall sewer system for proposed low cost development			
Asset Type	Fixed Asset			
Key Staff Involved	N Kayser			
Staff Responsibilities	Project Management			
	'2015/16	'2016/17	2017/18	
Asset Value			6,194	
Capital Implications	Maintenance cost and financing			
Future Purpose of Asset	To make provision for sewerage network			
Describe Key Issues	Fast growing community			
Policies in Place to Manage Asset	Asset Management Policy			
T5.3.2				

5.4.3 REPAIRS AND MAINTENANCE EXPENDITURE

Repair and Maintenance Expenditure: 2017/18				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	25,195	32,584	20,647	36.63%
T5.3.4				

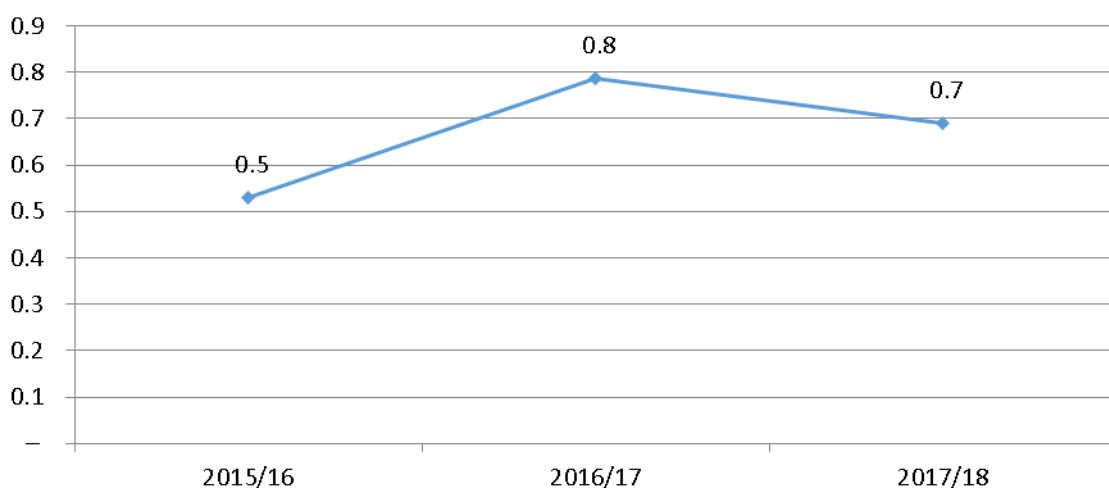
In 2017/18 Theewaterskloof municipality budgeted R25, 195m for repairs and maintenance. This was adjusted to R32, 584m. The actual repairs and maintenance for the year 2017/18 amounted to R20, 647m, meaning that 63.37% of the repairs and maintenance budget was spent.

This proves that the municipality acknowledges the importance of spending on maintenance to ensure asset function optimally and reach their expected useful life. The municipality's first priority however is to ensure that day to day service delivery proceed undisturbed and has managed to do so within the limits of the budget. A rapid year on year increase in repairs and maintenance expenditure could have negative consequences such as cash shortages that in turn could hamper essential service delivery. Routine maintenance was however performed as planned.

5.5 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

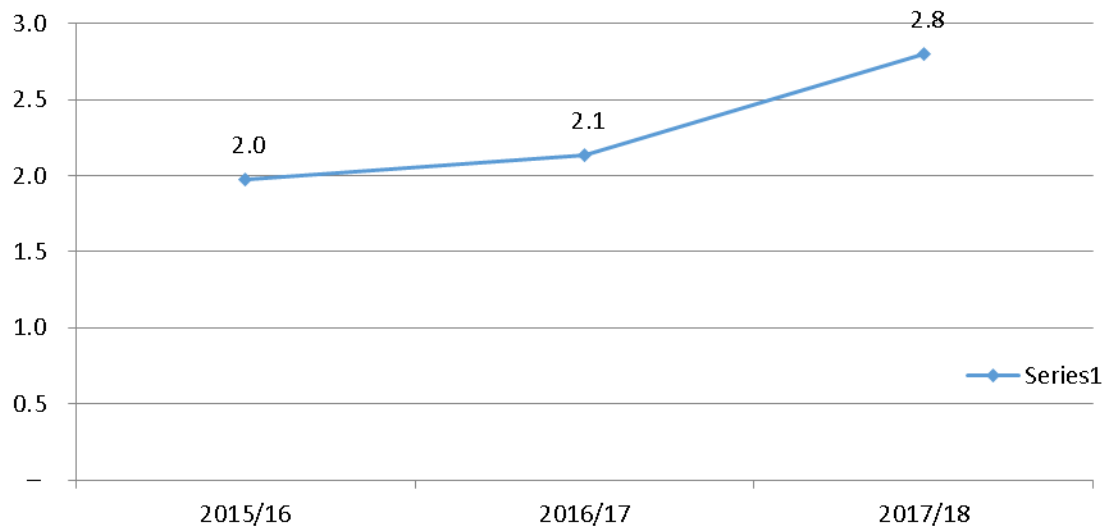
LIQUIDITY RATIO: Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Liquidity Ratio



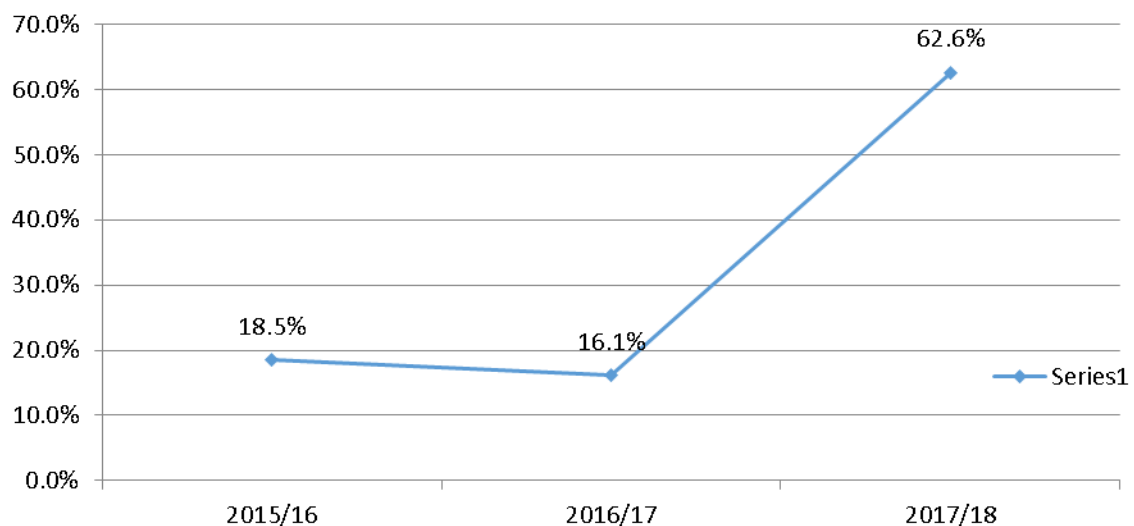
COST COVERAGE: It explains how many months expenditure can be covered by cash and other liquid assets available to the Municipality excluding utilisation of grants calculated.

Cost Coverage



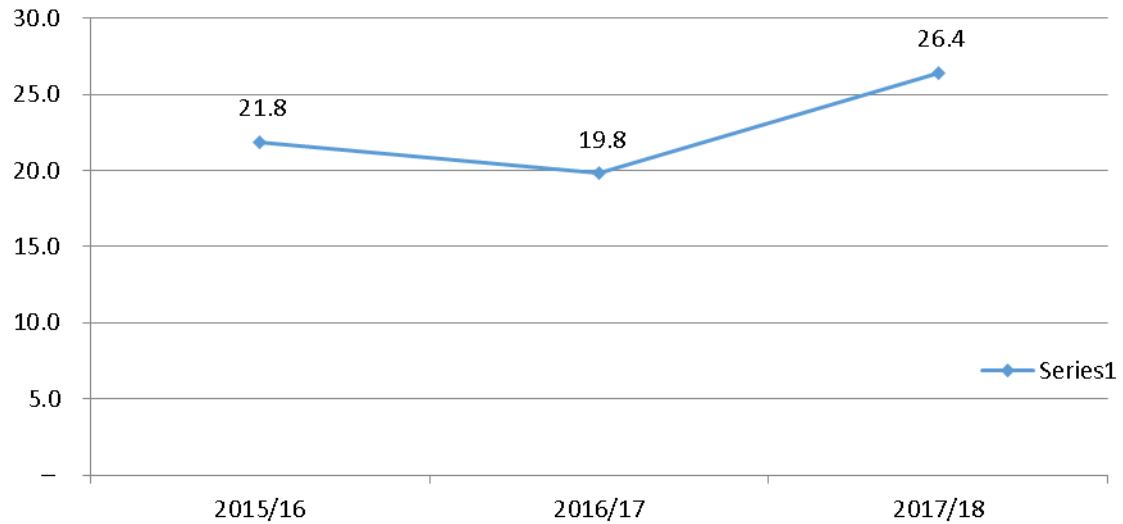
TOTAL OUTSTANDING SERVICE DEBTORS: Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the annual revenue. A lower score is better.

Total Outstanding Service Debtors



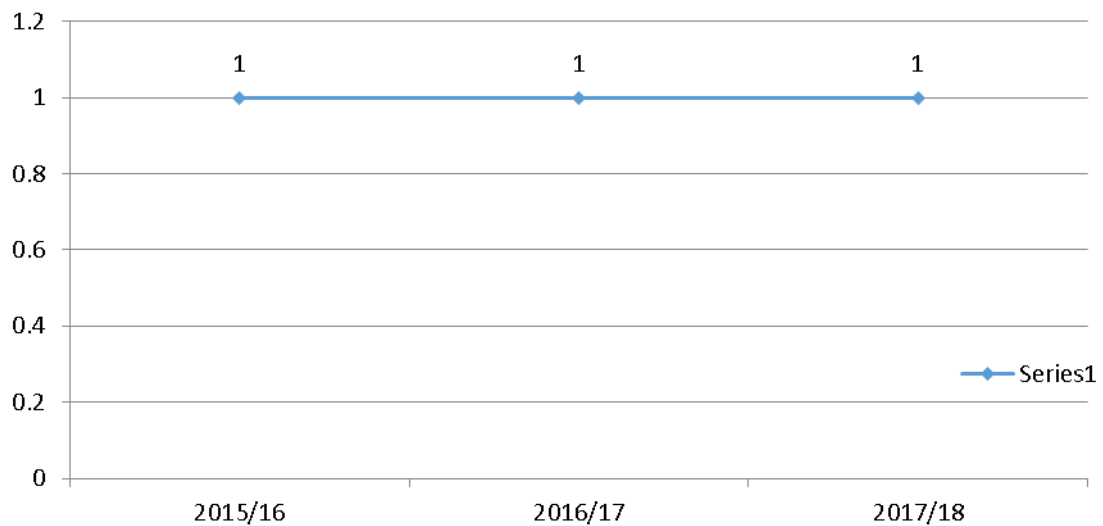
DEBT COVERAGE: The number of times debt payments can be accommodate within operating revenue (excluding grants). This in turn represents the ease with which debt payments can be accommodated by the municipality.

Debt Coverage



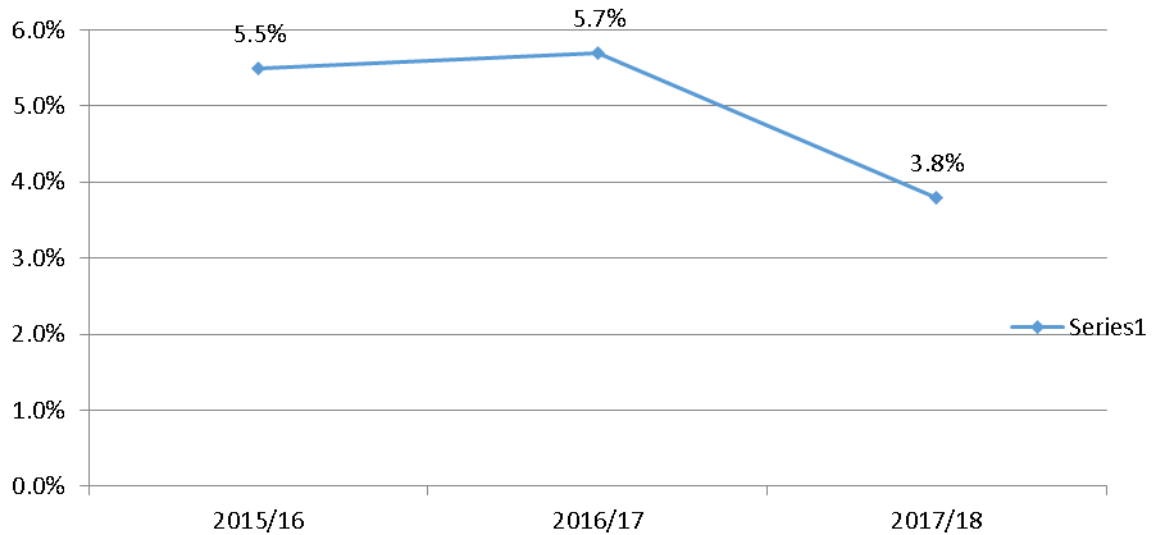
CREDITORS SYSTEM EFFICIENCY: The proportion of creditors paid within 30 days. This ratio is calculated by outstanding trade creditors divided by credit purchases.

Creditors System Efficiency



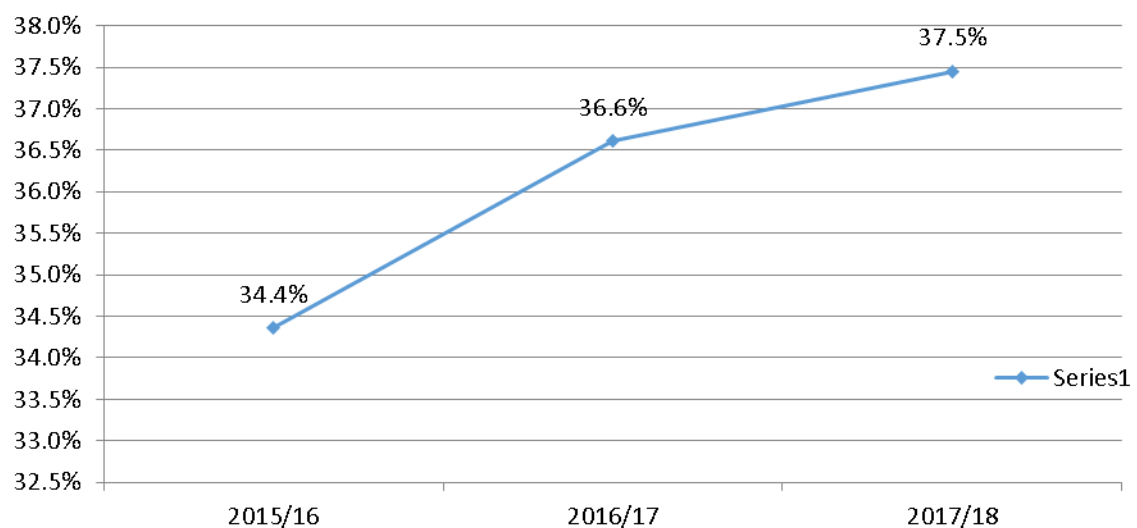
CAPITAL CHARGES TO OPERATING EXPENDITURE: Is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Capital Charges to Operating Expenditure

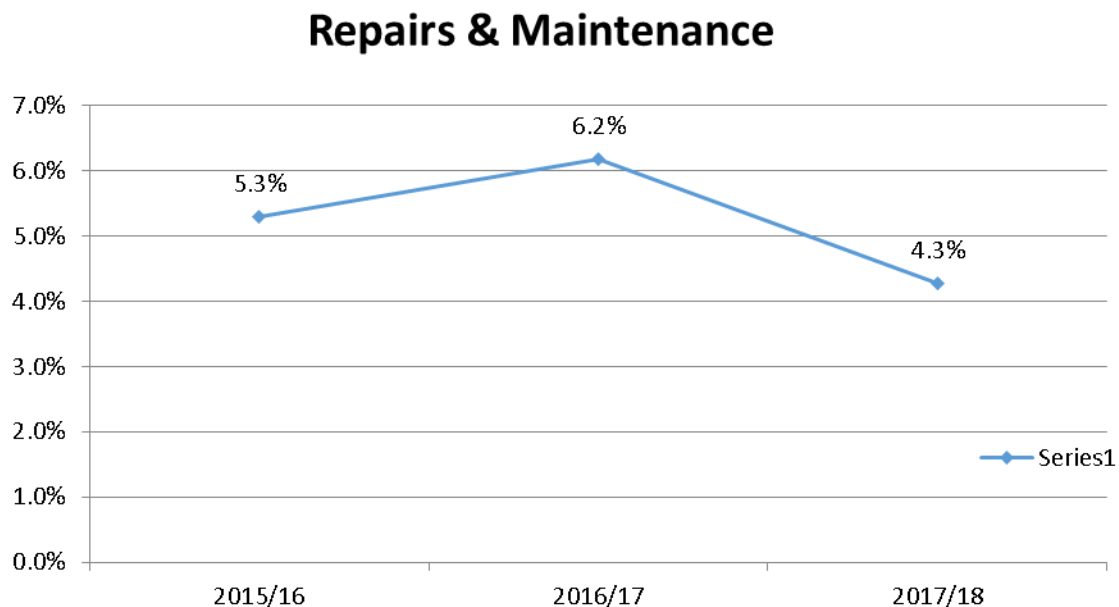


EMPLOYEE COST: Measures what portion of the revenue was spent on paying employee cost. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Employee Costs



REPAIRS AND MAINTENANCE: Measures what portion of the revenue was spent on paying for repairs and maintenance costs. It is calculated by dividing total repairs and maintenance cost by the difference between total revenue and capital revenue.



5.5.1 COMMENT ON FINANCIAL RATIOS:

The result of the ratio between Current Assets and Current Liabilities reflects directly on the management of Theewaterskloofs liquidity position. At the very minimum the current assets should at least cover current liabilities at a ratio of 1:1 and for a healthy position the ratio should exceed 2:1. Theewaterskloof's liquidity ratio remained relatively constant over the last three financial years.

The ratio is below satisfactory level of 1.5:1 and it is important for Theewaterskloof to carefully manage the increases in Creditors and Short Term Provisions and in turn make the necessary cash provisions in order to be in a position to fulfil its short term obligations in the future.

The cost coverage ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The norm set by National Treasury is that a municipality should have between one and three months cash to cover its monthly fixed expenses. Theewaterskloof's cost coverage position in 2015/16 and 2016/17 indicated cash available for more than two months. This positive growth trend continued in 2017/18 increasing available cash to 2.8 months.

The debt coverage ratio increased from 19.8 in 2016/17 to 26.4 in 2017/18. The ratio remain constant over the reporting period and is at acceptable levels.

Theewaterskloof always ensure compliance with the MFMA requirement that all creditors must be paid within 30 days. When a municipality struggles to pay all creditors within 30 days it could be an indication of liquidity challenges and failing to pay creditors on time could result in fruitless and wasteful expenditure in the form of interest and could negatively affect service delivery as suppliers will become reluctant to transact with the municipality.

Capital Charges: This ratio showed a positive decline from 5.7% in 2016/17 to 3.8% 2017/18 a result of the municipality's management and awareness of the cost of borrowing. The municipality is well within the norm prescribed by national treasury of 6% - 8%.

See financial health overview for comments relating to employee expenditure as well as expenditure on repairs and maintenance.

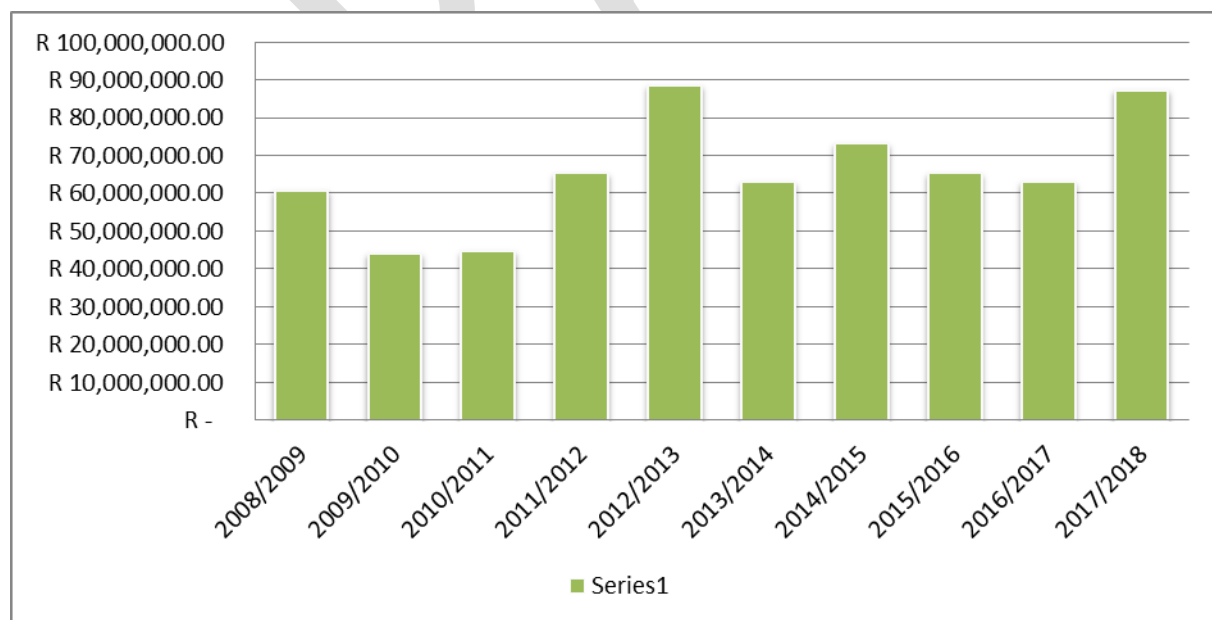
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. The municipality recently adopted its long-term financial plan. One of the main focus of the plan was to identify future capital needs (demand) and the funding sources thereof (affordability). As indicated by the table below the municipality has shown tremendous growth in its capital expenditure and percentage of capital budget spent.

Over the last 10 year the municipality has invested R 654m into capital assets. The municipality nevertheless face tough challenges over the coming 10 years as illustrated in long term financial plan. The financial year 2012/13 remains the municipalities highlight in terms of capital expenditure illustrating that the municipality has the institutional ability to handle large capital projects.

Capital Expenditure per Financial Year

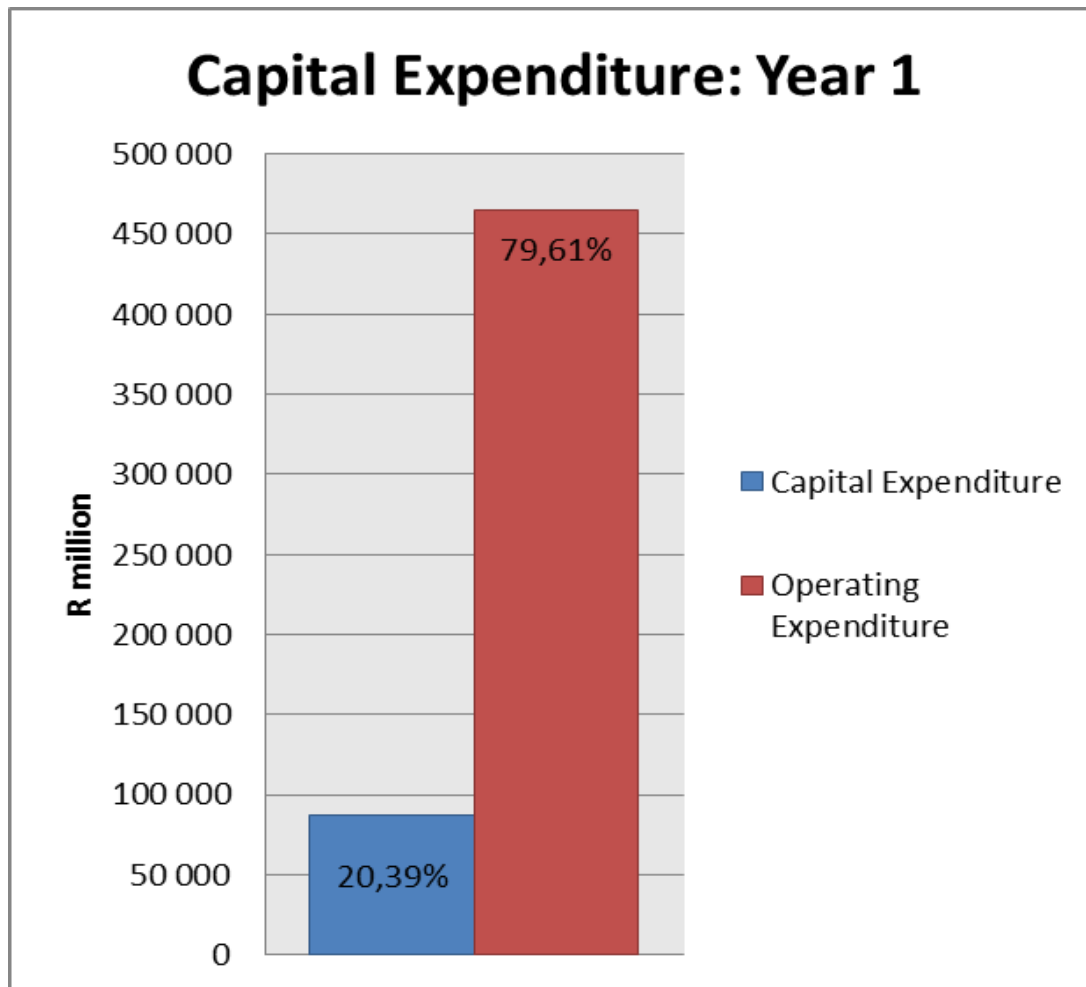


In 2017/18 Theewaterskloof municipality budgeted R108, 936m for capital expenditure. This was then adjusted to R130, 284m. The actual capital expenditure for the year 2017/18 amounted to R87, 143 m, effectively meaning that 67% of the capital budget was spent.

The funds not spend was largely due to the following projects:

1. Grabouw pick up and drop off zone
2. Capital Waste Water Treatment works upgrade
3. Capital low Cost housing project
4. Upgrade of Fleet

5.7 CAPITAL EXPENDITURE



R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	108 936	130 284	87 214	19.9%	33.1%
	108 936	130 284	87 214	19.9%	33.1%
Operating Expenditure	498 831	508 561	464 573	6.9%	8.6%
	498 831	508 561	464 573	6.9%	8.6%
Total expenditure	607 767	638 845	551 787	9.2%	13.6%
Water and sanitation	34 262	48 214	38 226	-11.6%	20.7%
Electricity	14 009	15 157	14 183	-1.2%	6.4%
Housing	36 381	37 760	14 937	58.9%	60.4%
Roads, Pavements, Bridges and storm water	10 904	16 777	10 465	4.0%	37.6%
Other	13 380	12 376	9 403	29.7%	24.0%
	108 936	130 284	87 214	19.9%	33.1%
External Loans	32 244	32 032	22 558	30.0%	29.6%
Internal contributions	14 887	23 417	14 894	0.0%	36.4%
Grants and subsidies	61 805	74 836	49 762	19.5%	33.5%
Other					
	108 936	130 284	87 214	19.9%	33.1%
External Loans	32 244	32 032	22 558	30.0%	29.6%
Grants and subsidies	61 805	74 836	49 762	19.5%	33.5%
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts	14 887	23 417	14 894	0.0%	36.4%
	108 936	130 284	87 214	19.9%	33.1%
Salaries, wages and allowances					
Cash and creditor payments					
Capital payments	108 936	130 284	87 214	19.9%	33.1%
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	108 936	130 284	87 214	19.9%	33.1%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	94 233	94 233	98 397	-4.4%	-4.4%
Service charges	198 007	200 007	202 205	-2.1%	-1.1%
Other own revenue	57 844	58 268	77 673	-34.3%	-33.3%
Grants & subsidies	129 296	136 799	96 989	25.0%	29.1%
	479 381	489 308	475 264	0.9%	2.9%
Employee related costs	186 963	182 496	181 044	3.2%	0.8%
Provision for working capital					
Repairs and maintenance	27 370	22 702	20 647	24.6%	9.0%
Bulk purchases	67 126	68 206	67 091	0.1%	1.6%
Other expenditure	40 341	40 341	30 354	24.8%	24.8%
	321 799	313 744	299 137	7.0%	4.7%
Service charges: Electricity	82 544	82 544	82 960	-0.5%	-0.5%
Grants & subsidies: Electricity	4 898	4 898	6 689	-36.6%	-36.6%
Other revenue: Electricity	0	0	1 941		
	87 442	87 442	91 590	-4.7%	-4.7%
Employee related costs: Electricity	6 539	6 522	6 296	3.7%	3.5%
Provision for working capital: Electricity					
Repairs and maintenance: Electricity	2 035	1 970	794	61.0%	59.7%
Bulk purchases: Electricity	54 776	54 776	54 930	-0.3%	-0.3%
Other expenditure: Electricity	9 358	9 358	2 738	70.7%	70.7%
	72 708	72 625	64 758	10.9%	10.8%
Service charges: Water	55 916	59 616	67 682	-21.0%	-13.5%
Grants & subsidies: Water	2 544	2 544	5 016	-97.2%	-97.2%
Other revenue: Water	58 460	58 460	63 031	-7.8%	-7.8%
	116 919	120 619	135 730	-16.1%	-12.5%
Employee related costs: Water	11 638	11 638	10 237	12.0%	12.0%
Provision for working capital: Water					
Repairs and maintenance: Water	3 522	3 522	1 744	50.5%	50.5%
Bulk purchases: Water	13 430	13 430	12 161	9.4%	9.4%
Other expenditure: Water	20 998	20 998	3 153	85.0%	85.0%
	49 587	49 587	27 295	45.0%	45.0%
					Txxx

5.8 SOURCES OF FINANCE

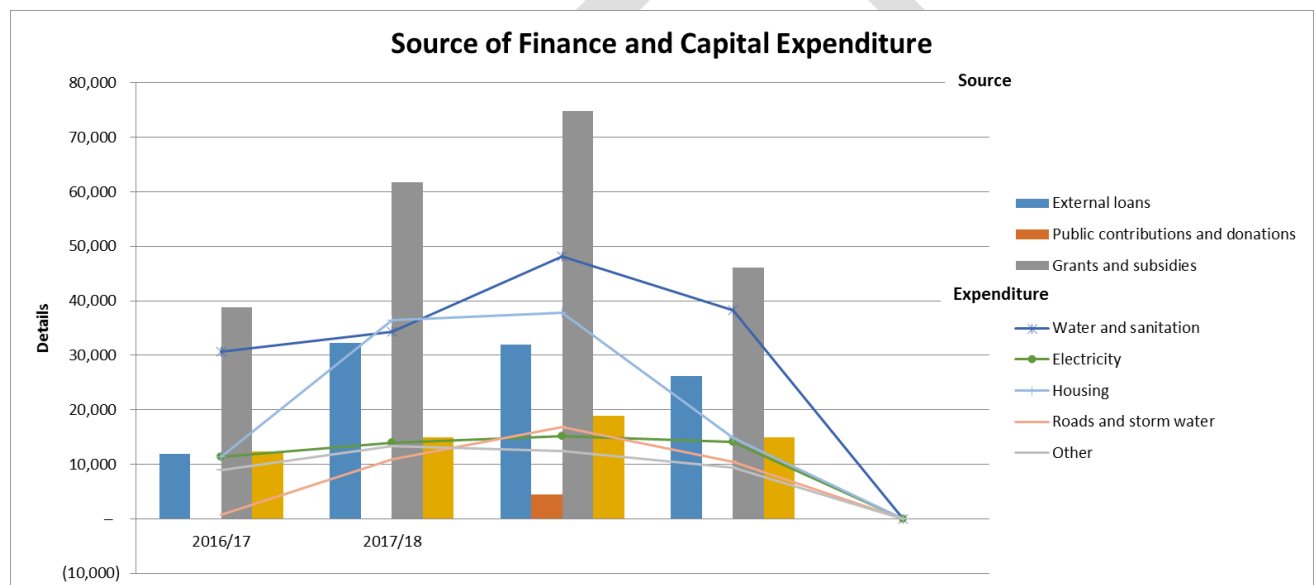
Capital Expenditure - Funding Sources Year 2016 to 2018							
R' 000							
Details		2016/17	2017/18				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	11,905	32,244	32,032	26,261	-0.66%	-18.56%
	Public contributions and donations	0	0	4,470	0	0.00%	0.00%
	Grants and subsidies	38,818	61,805	74,836	46,059	21.08%	-25.48%
	Other	12,288	14,887	18,946	14,894	27.27%	0.05%
Total		63,010	108,936	130,284	87,214	47.69%	-43.99%
Percentage of finance							
	External loans	18.9%	29.6%	24.6%	30.1%	-1.4%	42.2%
	Public contributions and donations	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%
	Grants and subsidies	61.6%	56.7%	57.4%	52.8%	44.2%	57.9%
	Other	19.5%	13.7%	14.5%	17.1%	57.2%	-0.1%
Capital expenditure							
	Water and sanitation	30,619	34,262	48,214	38,226	40.72%	11.57%
	Electricity	11,371	14,009	15,157	14,183	8.19%	1.24%
	Housing	11,395	36,381	37,760	14,937	3.79%	-58.94%
	Roads and storm water	,696	10,904	16,777	10,465	53.86%	-4.03%
	Other	8,931	13,380	12,376	9,403	-7.50%	-29.72%
Total		63,010	108,936	130,284	87,214	99.06%	-79.89%
Percentage of expenditure							
	Water and sanitation	48.6%	31.5%	37.0%	43.8%	41.1%	-14.5%
	Electricity	18.0%	12.9%	11.6%	16.3%	8.3%	-1.6%
	Housing	18.1%	33.4%	29.0%	17.1%	3.8%	73.8%
	Roads and storm water	1.1%	10.0%	12.9%	12.0%	54.4%	5.0%
	Other	14.2%	12.3%	9.5%	10.8%	-7.6%	37.2%

T5.6.1

5.8.1 COMMENT ON SOURCES OF FUNDING

The municipality financed the largest part of its capital expenditure through grant funding (52.8%) once again indicating the municipalities reliance on grant funding. The rest of the capital expenditure was funded from own funds. The variance between original budget, adjustment budget and actual budget is largely attributable to the following factors. Grant funding roll-overs are only approved after the original budget has been approved, the municipality therefore cannot include this in its original budget because of the uncertainty of rollover approval. MFMA clearly states that revenue can only be raised from realistically anticipated revenue. Secondly the municipality anticipated that it would finance a larger part of its capital expenditure through external loans, however due to the large cost of borrowing in South Africa, the municipality decided to utilize its own funds from the capital replacement reserve.

The capital expenditure represents 18.77% of the total expenditure. This is once again because the municipality largely relies on grant funding for capital expenditure and the largest portion of its own funds is utilized to finance operational activities of the municipalities.



5.9 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
R' 000					
Name of Project	Current Year: 2017/18			Variance Current Year: 2017/18	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Destiny Access Road	5 159	9 951	9 842	-91%	1%
Drought Relieve	9 298	9 298	9 255	0%	0%
Bulk outfall sewer	6 194	6 194	6 194	0%	0%
Prepaid Water meters	2 500	5 208	4 433	-77%	15%
Upgrading of Bulk Electrical Infrastructure	4 500	4 500	4 057	10%	10%
* Projects with the highest capital expenditure in Year 2017/18					
Name of Project - A					
Destiny Access Road					
Objective of Project					
Providing citizens a road to access Destiny					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Drought Relieve					
Objective of Project					
Providing citizens with drought relieve					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Bulk outfall sewer					
Objective of Project					
Treatment of domestic waste generated through the sewerage system					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Prepaid Water meters					
Objective of Project					
Provide all citizens of TWK with smart water meters to prevent loss of water and capital					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Upgrading of Bulk Electrical Infrastructure					
Objective of Project					
Provide citizens with electricity					
Delays					
Future Challenges					
Anticipated citizen benefits					
					T5.7.1

5.10 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW**5.10.1 INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS**

Access to basic services within South Africa is a basic human right. It is also an indication of the quality of life of the inhabitants in the country. Access to basic services has a wider impact on education and health and therefore also on the economy. Of the four local municipalities within the Overberg District, Theewaterskloof has the largest population which is estimated at 119 052 in 2017. This total gradually increases across the 2017/18 MTREF years and is projected to reach 125 505 by 2023. In addition to population projections, the projections on the number of households form the basis of municipal service delivery planning and essentially inform budget allocations towards basic services such as water, electricity, sanitation and refuse removal. It is therefore vital that for budget planning and implementation purposes a municipality rely on credible and accurate household estimates.

The total number of households in the Theewaterskloof Municipality was estimated at 33 097 in 2016 14.1% growth on 2011 census figures. The municipality experienced an increase in the number of indigents between 2014 and 2016, implying an increased demand for indigent support and additional burden on municipal financial resources. The cost to provide free basic services was R 19,4m during the 2017/18 financial year, which results in an R0, 922m decrease from the previous financial year. TWK prides itself in providing all households with at least the minimum service levels.

Backlogs in infrastructure: Certain infrastructure and bulk service operations are already exceeding design capacity. Due to already bulk operations exceeding design capacity it would be a challenge to ensure that the growth needs of the Municipality are addressed by considering local economic development initiatives, and taking cognizance of changing needs of communities.

Uncontrolled influx of indigent people: People that are not able to pay for financial services and who are putting increased pressure on infrastructure and bulk services, operational capacity of TWK, the economy as a whole and social conditions in the area. The uncontrolled influx of indigent people, places an increased burden on the capacity levels of the Municipality and threatens the financial viability and sustainability of the Municipality.

Municipal Infrastructure Grant (MIG)* Expenditure 2017/18 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	9,720	10477	10 321	6%	-2%	
Roads, Pavements & Bridges	5,685	10 477	10 321	45%	-2%	
Storm water	4,035	–	–			
Infrastructure - Electricity	1 000	1 000	1 000	0%	0%	
Generation						
Transmission & Reticulation						
Street Lighting	1 000	1 000	1 000	0%	0%	
Infrastructure - Water	2,925	3,545	3 543	17%	0%	
Dams & Reservoirs						
Water purification						
Reticulation	2,925	3 545	3 543	17%	0%	
Infrastructure - Sanitation	7,745	8,109	7,905	2%	-3%	
Reticulation	–	–	–	0%	0%	
Sewerage purification	7,745	8,109	7,905	2%	-3%	
Infrastructure - Other	1,051	,294	,294	-258%	0%	
Waste Management	1,051	,294	,294	-258%	0%	
Transportation						
Gas						
Other Specify:	–	–	–			
Cemetery	,351	,351	,351	0%	0%	
Sport						
Total	22,441	23,424	23,062	3%	-2%	
* MIG is a government grant program designed to fund a reduction in service backlogs, mainly:						T5.8.3

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

There has been an improvement in the overall cash position of the municipality as a result of a cash based budget and improved cash management, increased debt collection rate as well as more cost reflective tariffs.

The municipality's cash position worsened in the 2017/18 financial year from R64, 323m to R63, 901m, a decrease of R0, 442 m from the previous financial year. The municipality's cash position improved during the 2017/18 financial year and amounts to R63, 901m at 30 June 2018.

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5.11 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/17	Current Year: 2017/18		
	Audited Outcomes	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	277 033	283 226	274 802	278 854
Government - operating	98 976	129 296	128 935	100 521
Government - capital	38 416	61 805	78 323	50 145
Interest	7 323	9 500	11 265	8 157
Dividends				
Payments				
Suppliers and employees	(332 146)	(393 454)	(400 098)	(330 389)
Finance charges	(10 336)	(10 527)	(10 527)	(9 576)
Transfers and Grants	(2 285)	(110)	(140)	(2 378)
NET CASH FROM/(USED) OPERATING ACTIVITIES	76 981	79 736	82 560	95 335
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	1 908	500	500	295
Decrease (Increase) in non-current debtors		1321	1 361	-923 739
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments	(919)			0
Payments				
Capital assets	(63 010)	(108 936)	(130 284)	(86 942)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 021)	(108 435)	(129 783)	(87 571)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing		32 244	32 032	-
Increase (decrease) in consumer deposits	407	273	124	2 713,60
Payments				
Repayment of borrowing	(7 486)	(8 102)	(7 645)	(8 189)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 079)	24,416	24,510	(8 187)
NET INCREASE/ (DECREASE) IN CASH HELD	7 880 980 ,	(4 283)	(22 713)	(423)
Cash/cash equivalents at the year begin:	56 442	46 489	64 323	64 323
Cash/cash equivalents at the year end:	64 323	42 207	41 611	63 901
Source: MBRR SA7				T5.9.1

5.11.1 COMMENT ON CASH FLOW OUTCOMES

As can be seen from the above cash flow statement TWK is not facing any real cash flow problems as at 30 June 2018. However it is important that this position is maintained and improved. The largest contributors to municipal cash are ratepayers, government grants and subsidies. The municipality will strive to improve its cash position in 2018/19.

5.12 BORROWING AND INVESTMENTS

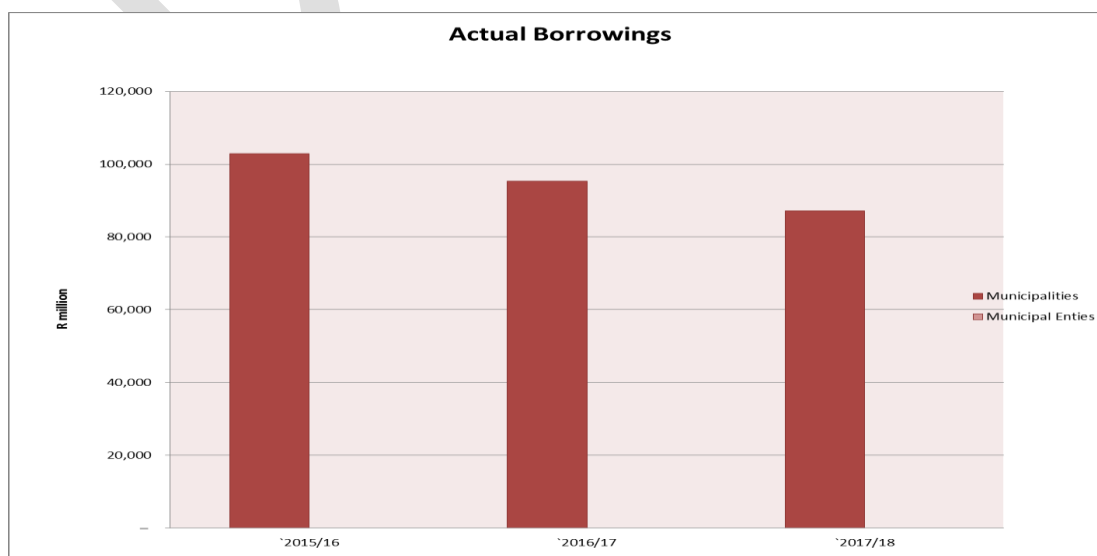
Any growing urban area requires substantial investments in infrastructure, and there are very few municipalities who receive enough in capital grants from national governments to finance all their requirements. This shortfall requires that municipalities look for alternative funding sources, or face the prospect that infrastructure backlogs become insurmountable, with serious negative implications for the quality of life and the economic growth of the urban area.

One of these funding sources is to take up loans. Although taking up loans is an acceptable alternative financing source, particularly for huge infrastructure projects, the cost of credit must be considered and one has to strike a balance between community needs and affordability. It should always be remembered that the decision on loans today could pose major affordability risks for future generations.

As already alluded to elsewhere in this report, the municipality made a conscious decision that loans will only be taken up as a measure of counter funding or in circumstances where the capital investment will yield sufficient additional revenue to cover the debt servicing costs. The municipality continue to strive to maintain its external loan exposure within the prudential limits of 40% of own revenue. Long term liabilities decreased in 2016/17, and it remains within the 40% limit. Borrowings reduced from R 95,389 m in 2016/17 to R 87,200 in 2017/18 as no loans were taken up.

Actual Borrowings 2015 to 2018			
	R' 000		
Instrument	`2015/16	`2016/17	`2017/18
Municipality			
Long-Term Loans (annuity/reducing balance)	85 579	78 215	70 177
Long-Term Loans (Stock loans)	17 023	17 023	17 023
Local registered stock			
Instalment Credit			
Financial Leases	273	151	—
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	102,875	95,389	87,200
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (Stock loans)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total			

T5.10.2



Municipal and Entity Investments			
	R' 000		
Investment* type	`2015/16	`2016/17	`2017/18
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank	61,257	49,678	53,224
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	61,257	49,678	53,224
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	—	—	—
Consolidated total:	61,257	49,678	53,224
			T5.10.4

5.13 PUBLIC PRIVATE PARTNERSHIPS

The municipality currently have no public private partnerships.

COMPONENT D: OTHER FINANCIAL MATTERS**5.14 SUPPLY CHAIN MANAGEMENT**

Supply chain management is perhaps one of the most challenging legislative requirements due to the lack of human resource capacity as well as the uncertainty with regards to the interpretation and implementation of legislation. This could result in underspending of the capital budget which will directly affect the municipality's ability to achieve its strategic objective of service delivery. Despite all the challenges, it can be stated that the municipality was successful in the implementation of the regulations and SCM policy.

MFMA Competency Regulations

The supply chain management unit consist of 6 permanent employees of which one (Manager SCM) must comply with the MFMA competency regulations. The aforementioned employee complies with the said regulations and the municipality intend to ensure that the accountant in the department complies with these regulations, this is important to ensure effective succession planning.

No findings were raised in the Auditor General's report relating to supply chain management of the municipality.

5.15 GRAP COMPLIANCE

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

AUDITOR GENERAL REPORTS YEAR -2016/17 (PREVIOUS YEAR) REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE THEEWATERSKLOOF MUNICIPALITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

I have audited the financial statements of the Theewaterskloof Municipality set out on pages 4 to 82, which comprise the statement of financial position as at 30 June 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Theewaterskloof Municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

BASIS FOR OPINION

I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during the 2016-17 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2017.

MATERIAL IMPAIRMENTS

As disclosed in note 3 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R105,9 million (2015-16: R90,4 million).

As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R54,4 million (2015-16: R49,3 million).

OTHER MATTERS

I draw attention to the matters below. My opinion is not modified in respect of these matters.

UNAUDITED SUPPLEMENTARY SCHEDULES

The supplementary information set out on pages 83 to 91 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

UNAUDITED DISCLOSURE NOTES

In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER

The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting officer is responsible for assessing the Theewaterskloof Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the annual performance report of the municipality for the year ended 30 June 2017:

Strategic focus areas	Pages in the annual performance report
Strategic focus area 2: financial viability	63 to 64, 66 and 80
Strategic focus area 4: basic service delivery	80 and 85

I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not raise any material findings on the usefulness and reliability of the reported performance information for the following strategic focus areas:

Strategic focus area 2: financial viability

Strategic focus area 4: basic service delivery

OTHER MATTER

I draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on page 63 to 64, 66, 80 and 85 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

I did not raise material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected strategic focus areas presented in the annual performance report that have been specifically reported on in the auditor's report.

My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact.

I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic focus areas and on the municipality's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Theewaterskloof Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

**REPORT OF THE AUDITOR-GENERAL TO WESTERN CAPE PROVINCIAL
PARLIAMENT AND COUNCIL ON THEEWATERSKLOOF MUNICIPALITY
2017/18 (CURRENT YEAR)****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****OPINION**

2. I have audited the financial statements of the Theewaterskloof Municipality set out on pages 4 to 83, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
3. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Theewaterskloof Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

BASIS FOR OPINION

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
5. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF CORRESPONDING FIGURES

8. As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors discovered during the 2017-18 financial year in the financial statements of the municipality at, and for the year ended, 30 June 2018.
9. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of municipal standard chart of accounts (mSCOA) reclassifications in the financial statements of the municipality at, and for the year ended, 30 June 2018.

MATERIAL IMPAIRMENTS

10. As disclosed in note 3 to the financial statements, the municipality provided for the impairment of receivables from exchange transactions amounting to R126,3 million (2016-17: R105,9 million).
11. As disclosed in note 4 to the financial statements, the municipality provided for the impairment of receivables from non-exchange transactions amounting to R75,8 million (2016-17: R54,4 million).

UNDERSPENDING OF CAPITAL BUDGET

12. As disclosed in the statement of comparison of budget and actual amounts, the municipality materially underspent the capital asset budget by R43,3 million, which represents an underspending of 33%. This was as a result of housing funds which were transferred to the municipality during the latter part of the financial year and therefore the funding could not be fully spent by year-end.

MATTERS IMPORTANT TO THE USERS OF THE FINANCIAL STATEMENTS

13. With reference to note 65 to the financial statements, the municipality has lodged a dispute in respect of the tariff charged by Overberg Water Board regarding a capital levy. The dispute has been referred to the National Treasury.

OTHER MATTERS

14. I draw attention to the matters below. My opinion is not modified in respect of these matters

UNAUDITED SUPPLEMENTARY SCHEDULES

15. The supplementary information set out on pages 84 to 92 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

UNAUDITED DISCLOSURE NOTES

16. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the Theewaterskloof Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

19. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**INTRODUCTION AND SCOPE**

21. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
22. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the annual performance report of the municipality for the year ended 30 June 2018:

Strategic focus areas	Pages in the annual performance report
Strategic focus area 4: Basic service delivery	82 to 114

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. There were no findings in respect of the usefulness and reliability of the reported performance information for the following strategic focus areas:
- Strategic focus area 4: Basic service delivery

OTHER MATTERS

26. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

27. Refer to the annual performance report on pages 82 to 114 for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

28. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of *Strategic objective 4: basic service delivery*. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

DRAFT

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

29. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

PROCUREMENT AND CONTRACT MANAGEMENT

30. Some of the quotations were awarded to bidders based on preference points that were not calculated and allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

OTHER INFORMATION

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected strategic focus areas presented in the annual performance report that have been specifically reported on in the auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus areas presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.
35. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

LEADERSHIP**OVERSIGHT RESPONSIBILITY**

37. Leadership did not ensure that all the supply management processes implemented are adhered to in terms of the Preferential Procurement Policy Framework Act. This led to a regression in the audit outcomes.

FINANCIAL AND PERFORMANCE MANAGEMENT**COMPLIANCE MONITORING**

38. Management incorrectly interpreted the requirements of the Preferential Procurement Policy Framework Act and its regulations with regard to price calculations where non-VAT vendors submitted quotations.

OTHER REPORTS

39. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
40. The municipality commissioned an IT investigation due to malware attacks on its IT infrastructure. The investigation was carried out by a private forensic firm. The last malware attack was experienced on 17 May 2017 to which the municipality subsequently initiated the investigation. The period of the investigation spanned over multiple prior financial years starting from when possible causes of the attacks were traced. The investigation has subsequently been concluded and will be tabled to the council as soon as due processes have been finalised by the municipality.

Auditor-general

Cape Town

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

41. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic focus areas and on the municipality's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

42. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Theewaterskloof municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

43. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

44. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Audit Action Plan/Corrective Measures – All Departments

Comments – Final Management Report				
AG Ref	Finding	Responsible Directorate	Short description of finding	Corrective action taken
1	AoPO Non-compliance	Development Services	During the audit of performance information, it was identified that the Integrated Development Plan (IDP) of the municipality was adopted by council on the 28 September 2017 and such IDP was submitted to the MEC for local government (Western Cape Province), on 11 October 2017. This was 13 days after the IDP was adopted by council and therefore not within the legislated ten days. The above results in non-compliance with section 32(1) (a) of the Municipal Systems Act.	It must be noted that the IDP referred to here is the amendment. We will ensure that in the event of an amendment to the IDP, the document will be sent to the MEC of Local Government within the legislative times frame.
2	Preference point calculation	Financial Services	The calculation of points for price using VAT exclusive amounts is in contravention of Regulation 6(1) of the Preferential Procurement Regulations 2017 issued in terms of Preferential Procurement Policy Framework Act and consequently results in non-compliance.	The calculation of points for price are now done in accordance with Regulation 6(1) of the Preferential Procurement Regulations 2017.
3	Inventory	Financial Services	Inventory recognised as an expense during the 2016/17 financial year is exactly the same as that being disclosed in the 2017/18 financial year of R8 716 208. Upon discussion with management, the correct amount for the current year is approximately R10 900 000. This results in a misstatement of R2 183 792.	Financial Statements were corrected. We will try to complete the financial statements earlier in order to have more time for reviewing.
4	Part A: SCM Deviations	Financial Services	Management erroneously copied deviation values from the prior year column into the current year column. Thus the column for major deviations in the current year totaling to R15 935 399 is incorrect.	Management remove the disclosure of major deviations as it is not required in terms of MFMA compulsory disclosure. With regard to deviation disclosure, management made the correction to now disclose deviations as per initial award value and not in terms of expenditure.
	Part B: Internal Control Deficiency in SCM Deviations	Financial Services	Through inspection of the deviation register, it was noted that deviation type (sole supplier, emergency, impractical etc.) did not correspond to the documented reason for deviation; as documented on the supporting evidence for the deviation. It was also noted that some of the deviations captured in the deviation register do not have reasons for adopting the deviation process.	Additional checks will be put in place prior reporting to Council. Such as prior approving the deviation to make sure the correct type is used which will be stated on the deviation report and the Manager SCM will do a final check. SCM will type in sole supplier twice in the reason for deviation and in the comment heading.

5	Material line items not disclosed separately	Financial Services	Per inspection of the general ledger it was identified that there are material line items grouped as "other contracted services". These material items should have been presented separately in note 46 in terms of GRAP 1. The identified material line items are Consultants and professional services R4 952 031 and Outsourced services R5 566 951.	Financial Statements were corrected. The finding will be included in the GRAP Implementation Year End Checklist to ensure compliance.
6	HR Compliance (Minimum competencies)	Corporate Services	During the audit of Human Resource compliance, compliance with minimum competencies, it came to our attention that the employees detailed in the schedule below were not compliant with the Minimum Competency Regulations.	Action in terms of amended MMC Regulation
7	Fines completeness	Financial Services	Fines recorded manually by traffic officials were traced to the traffic system to ensure that all fines that should have been recorded for the financial year was recorded. The following ticket was not recorded in the system on 23 June 2018 and only recorded in August 2018: Nr. 10/13483/908/027884 for 500.00	The finding will be included in the GRAP Implementation Year End Checklist to ensure compliance.
8	HR Compliance (Performance management)	Corporate Services	During the audit of Human Resource compliance, compliance with the Municipal Systems Act came to our attention that the municipality does not have procedures to monitor, measure and evaluate performance of all staff. Management did not review the employment contract of the municipal manager to ensure that it complied with the Municipal Systems Act before finalizing it. The lack of review and oversight resulted in non-compliance with section 57 of the MSA.	S67 Request for additional resources was submitted to Management and we are awaiting the outcome of that request. S57 – an addendum will be drafted
9	Part A: AoPO Usefulness - Presentation and Disclosure	Development Services	During the audit work performed on the assessment of the usefulness of the performance information, it was identified that the APR for 2017/18, as submitted for audit purposes, does not have a column for the prior year achievements compared to the current year reported achievement as is required by the MSA for the APR to be comparable.	Column with previous year's performance will be included in the printed version of APR
	Part B: AoPO Usefulness - Presentation and Disclosure	Development Services	Furthermore, it was identified that for 2 key performance indicators (KPI) where the annual targets were not achieved for the period under review, adequate corrective measures were not documented and supporting documents were not provided.	Ensure that all KPI's, not met, have corrective measures. Monitor at Monthly sessions with MM
10	Fruitless and wasteful expenditure	Financial Services	Through discussion held with management it was noted that fruitless and wasteful expenditure amounting to R69 270 was incurred in the 2012/2013 financial year as a result of an incorrect calculation of the leave payout. Fruitless and wasteful expenditure should have been removed from the note as it has been raised as a receivable.	The financial statements have been adjusted to exclude fruitless and wasteful expenditure raised as a debtor in the 2012/2013 financial year.

11	IT Deviations Part A: DFA solutions	Corporate Services	The motivation is not adequate or relevant to justify impracticality. The amount of R306 462.35 results in irregular expenditure.	Contract expires on 30 June 2019. An assessment will be done to determine if it is cost effective and in the best interest of Council to go out on tender.
	IT Deviations: Part B: Tano Vera	Corporate Services	During the audit of procurement and contract management, it was found that the reason for deviation relating to COR 04/2017/2018 was invalid. This results in irregular expenditure amounting to R148 005.	Contract expires on 30 June 2019. Will be advertise.
	IT Deviations: Part C – TWK Communications	Corporate Services	In terms of impracticality, the reasoning behind audit compliance and loss of services, as well as other reasons as quoted, are not justifiable. The amount of R58 150 results in irregular expenditure.	Contract expires on 30 June 2019. An assessment will be done to determine if it is cost effective and in the best interest of Council to go out on tender.
12	Asset management compliance	Financial Services	During the audit of asset management compliance; compliance with the Municipal Investment Regulations; it came to our attention that the credit ratings of some of the investment facilities no longer met the required A1 rating as stipulated in the investment policy of the municipality.	Paragraph 8.3.1 of the Investment policy was amended so that investments may only be made with institutions with a credit rating of Baa3 or better
13	Piggy back contracts: PART A – Scope of work does not correspond to the original contract	Financial Services	Based on the inspection of minutes of a council meeting dated 03 December 2015 in point number four (4) it was confirmed that the following items which are outside the scope of the contract have been completed by ASLA Construction: • Rugby field, Netball courts, Parking area, Access and fencing	SCM will develop a SOP for all Reg. 32 appointments together with a checklist. The SOP will include the documents prior to approval and the process after approval.
	Piggy back contracts: Part B - Extension of the contract	Financial Services	Upon inspection of the council meeting minutes dated 03 December 2015, Theewaterskloof municipality extended their piggy back contract until 12 December 2018. This is an extension of exactly three years. Section 116 (3) of the MFMA provides for extension of a contract secured through the SCM policy of the municipality. It does not provide for extension of contracts secured by another organ of state	Finding was resolve as per Auditor General's Conclusion
14	Financial instrument disclosure	Financial Services	The municipality has a financial asset as at the end of the 2017-18 reporting period as it has a contractual right to receive cash from the Department of Energy during the 2018-19 allocation. Therefore, a financial instrument should have been disclosed in the notes to the financial statements as it gives rise to a financial asset to the municipality. The financial instrument disclosure note is therefore understated by R4 625 423.	Note 60 of the financial statements been adjusted to include the Unpaid Conditional Government Grant. The finding will be included in the GRAP Implementation Year End Checklist to ensure compliance.
15	Taxes	Financial Services	Upon performing audit procedures on taxes as per audit of financial statements it was noted that there is VAT payable prior to allowance for debt impairment.	We still disagrees with the finding as all the evidence was provided to the Auditor General.

Audit Action Plan/Corrective Measures - IT

Comments – Final Management Report				
AG Ref	Finding	Responsible Directorate	Short description of finding	Corrective action taken
1.1	The ICT Strategic Plan was not approved	Corporate Services	The Theewaterskloof Municipality had not approved and implemented the Information and Communication Technology (ICT) Strategic Plan to ensure that ICT plans and activities are adequately aligned to the goals, mission and overall strategy of the municipality.	This is already in progress and being discussed and workshopped at Management Once approved by Management it will be submitted to the relevant committees and/or Council for approval.
1.2	ICT Governance not implemented in line with implementation plan	Corporate Services	The following deliverables identified in phase 1 were not delivered: <ul style="list-style-type: none"> · Approved and implemented ICT Management Framework · Approved and implemented municipal Portfolio Management Framework 	This will be changed/amended in the MCGICT Policy as part of the yearly ICT Policy reviews
1.3	No Service Level Agreement (SLA) performance monitoring performed	Financial Services	The municipality was not monitoring the Key Performance Indicator (KPI) for the Payday SLA to confirm whether services performed by third party service providers were adhering to SLA requirements. Performance meetings were not held with the service providers.	The acting Manager Expenditure will be the system administrator to do the reporting on the PAYDAY contract, until the appointment of Manager Expenditure.
1.4	The ICT Directorate was not adequately capacitated	Corporate Services	There were four positions that were currently filled within the ICT Directorate. This has also led to Segregation of Duties violations within the ICT Directorate given that all ICT staff share the same duties. Limited staff may result in the directorate not being able to adequately support business operations and this could negatively hamper on the delivery of services.	A request will be submitted to fill ICT vacancies. There are however limited funding available. The position of ICT Analyst has also been identified as a critical post and will be considered together with other posts for the 2019/2020 budget.
2.1	Inadequate User Access Management on Active Directory	Corporate Services	The following weaknesses were noted on Active Directory: <ul style="list-style-type: none"> · System administrators' activities were not monitored for the period under review to ensure inappropriate activities were detected and investigated. This was contravening the user access management policy. · Logon violations were not monitored on Active directory to ensure unauthorized users were not attempting to gain access to the network · Adequate authentication methods were not implemented when resetting or unlocking user passwords. 	This will be referred to the ICTSC for deliberation and guidance. The outcome of the ICTSC decision will determine the actions taken by ICT.

2.2	Inadequate User Access Management (Phoenix Vesta)	Financial Services	<ul style="list-style-type: none"> · User access reviews were not performed for the period under review to ensure user access was in line with the users' roles and responsibilities. · The log of activities was not reviewed to ensure users were not executing activities that were not adequately segregated. As a result, the log provided indicated 1967 records that were either deleted or purged. · System administrators' activities were not reviewed to ensure that users with privileged access were not executing inappropriate activities. The system administrator was able to amend master data, execute transactions and update system settings · Logon violations were not monitored to ensure unauthorized users were not attempting to gain access to the application 	Intrins resources will be allocated to review the user access, activity logs, system administrator activities and login violations. A permanent post must be created in order to do these and other system related and mSCOA functions
2.3	Inadequate User Access Management (IGNITE)	Development Services	User access reviews were not performed for the year under review	The concern will be forwarded to the service provider to address and ensure we comply. We however agree with IT comments captured in management response
2.4	Limitation of Scope (Payday User Access Management)	Financial Services	The municipality did not provide the auditors with the following Information: System generated user list of all users created on the system for the year under review, List of users that had their password reset for the year under review, Review of Log-on violation, Review of user access rights, Review of administrator activities	The acting Manager Expenditure will be the system administrator to provide the information as required by the Auditors, until the appointment of Manager Expenditure.
3.1	Inadequate password management on Active Directory	Corporate Services	The ICT Security Policy had outlined password settings that should have been applied on the municipality's systems. However, not all the password settings were configured in line with the ICT Security Policy on Active Directory	None required. Already rectified
3.2	Inadequate controls on the firewall	Corporate Services	<p>The following weaknesses were noted on the firewall:</p> <ul style="list-style-type: none"> · The municipality did not establish formal change management processes when implementing changes on the firewall. As a result, changes on the firewall rules and security settings could be amended without following formal change management processes · Formal user access management processes were not established to ensure access to the firewall was adequately managed · There were no processes in place to ensure firewall rule commentary were reviewed for the period under review · Firewall logs were not in place to ensure inappropriate activities were detected 	A revision and alternative will be implemented, if approved by the MM, and if suitable candidates are found. Once an appointment is made the lack in documentary control processes will be addressed.

41	Inadequate Disaster Recovery Plan	Corporate Services	<p>The municipality had developed the Disaster Recovery document to provide guidance on the establishment, operation and continuous improvement of an ICT DR Framework. However, the following weaknesses were noted:</p> <ul style="list-style-type: none"> · The municipality did not conduct a formal disaster recovery testing in line with the Disaster Recovery document · The municipality had not documented a Business Continuity Plan to inform the Disaster Recovery document. · Plan/Processes for ICT disaster recovery (including DRP team roles and responsibilities) 	In the process of deploying newer DR technologies to address the inadequacies.
5.1	Inadequate Change Management Process	Financial Services	<p>The municipality did not follow change management procedures when implementing changes on the Phoenix system. The system was implemented in June 2017 where balances from the old financial system were transferred to the Phoenix system. However changes were made throughout the financial period and evidence to show that the changes were adequately managed and approved by the MSCOA project steering committee was not provided. Refer to IT Annexure A for a list of tariff and parameter changes implemented on the system during the financial year.</p>	We will ensure that change control is aligned with the ICT Change Control Policy. Accordingly, changes are reported to the ICT Steering Committee or the Manager:ICT for approval.
6.1	Inadequate MSCOA processes	Financial Services	<p>There were pockets of communication, and change management activities in the form of training for the MSCOA project. However, there was no evidence that a formal change management strategy and communication plan had been approved and implemented for the MSCOA project. Furthermore, the communication on MSCOA was presented to management. There was little or no communication presented to the rest of the users in the municipality.</p>	We will ensure that a proper change management process is implemented whenever systems are implemented in the municipality.

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Comment on MFMA Section 71 Responsibilities

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National and Provincial Treasury at specified intervals throughout the year. The Chief Financial Officer states that not all these data sets have been returned according to the reporting requirements since numerous non-compliance schedule had to be completed:

The fundamental reason for not being able to comply with the reporting requirements (within 10 working days as prescribed by the Municipal Finance Management Act, Act 56 of 2003) was due to the implementation of the new financial system to address the Municipal Standard Chart of Accounts (mSCOA) requirements. The financial system had difficulty generating the reports in the required formats.

All reports for the financial year were submitted.

The following reports were submitted late:

- July 2017
- August 2017
- September 2017
- April 2018

Signed (Chief Financial Officer).....Dated.....

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “what we do”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “what we use to do the work”. They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation

Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: <i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/ PT			%	%
D Du Toit	FT	Council	Speaker	100%	0%
C Vosloo	FT	Council and EMC	Executive Mayor	100%	0%
D Appel	PT	Technical Services	Party Representative	85%	15%
J Arendse	FT	Corporate Services	EMC Member and Ward Councillor	100%	0%
M Bhangazana	PT	Operations	Ward Councillor	80%	20%
R Brinkhuys	PT	Technical and Operations	Ward Councillor	100%	0%
S Fredericks	PT	Financial Services	Party Representative	100%	0%
D Jooste	PT	Development	Ward Councillor	100%	0%
M Koegelenberg	FT	Financial Services	EMC Member and Ward Councillor	95%	5%
N Lamprecht	PT	Financial Services	Ward Councillor	95%	5%
M Le Roux	PT	Corporate and Development Services	Party Representative	80%	20%
T Mangcayi	PT	Corporate and Financial Services	Party Representative	60%	40%
T Mentile	PT	Corporate Services	Ward Councillor	80%	20%
R Mienies	PT	Financial Services	Party Representative	80%	20%
T Ndlebe	PT	Human Settlements	Ward Councillor	85%	15%
C November	PT	Financial Services	Party Representative	85%	15%
K Papier	FT	Technical Services and Human Settlement	EMC Member	100%	0%
N Pieterse	PT	Corporate Services and Operations	Ward Councillor	85%	15%
M Plato-Mentoor	FT	Development and Human Settlement	EMC Member and Ward Councillor	100%	0%
S Potberg	PT	Human Settlements	Ward Councillor	100%	0%

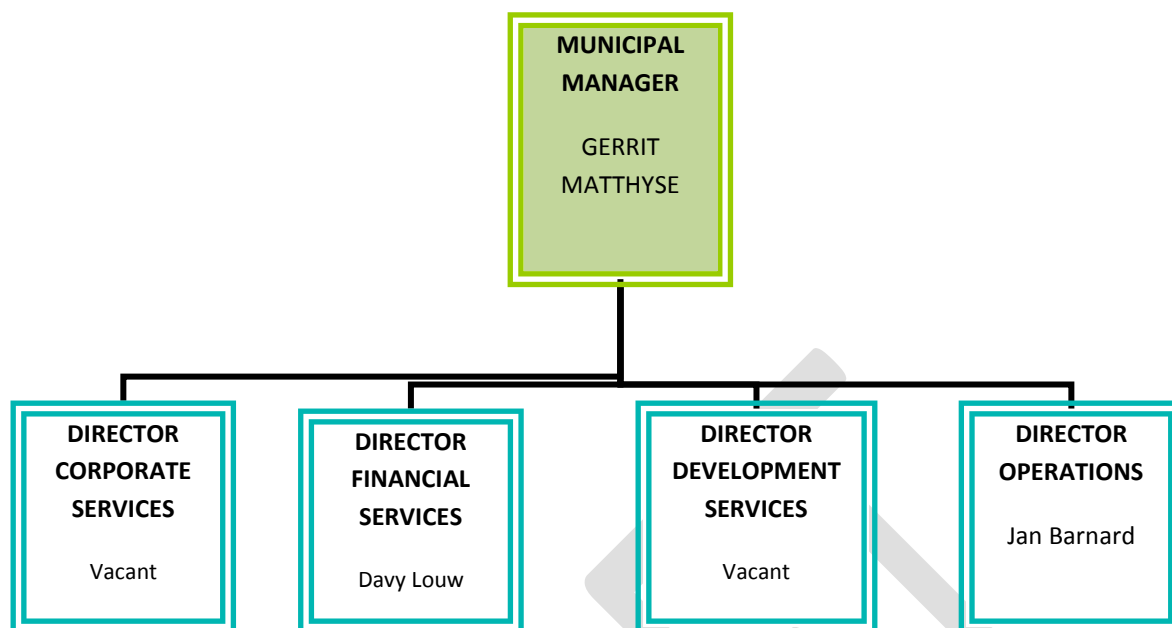
I Sileku	FT	Human Settlements	Executive Deputy Mayor	90%	10%
T Sipunzi	PT	Technical Services and Human Settlement	Ward Councillor	80%	20%
P Stanfliet	FT	Operations and Human Settlements	EMC Member and Ward Councillor	100%	0%
H Syster	PT	Development and Operations	Party Representative	95%	5%
B Tshabe	PT	Corporate and Development Services	Party Representative	100%	0%
T Tshungwana	PT	Technical Services	Party Representative	80%	20%
C Wood	PT	Development and Operations	Party Representative	80%	20%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Performance and Audit Committee	The Performance and Audit Committee is an assurance provider to Council that evaluates the effective, efficient and transparent systems of financial and risk management and internal control that are maintained by the Council, which contribute to the efficient and effective utilisation of resources, safeguarding of assets and the accomplishments of established goals for operations or programs
Oversight Committee	Undertake a review and analysis of the annual report; invite, receive and consider inputs from Councillors and Portfolio committees on the Annual Report; Consider written comments received on the Annual Report from the public consultation process, Conduct public hearings to allow the local community or any organs of state to make representations on the Annual report; Receive and consider Councils' Performance and Audit Committee views and comments on the annual financial statements and the performance report; preparation of the draft Oversight report; taking into considerations the views and inputs of the public, representatives of the Auditor-General, Organ of State, Council's Performance and Audit Committee and Councillors
Risk Management Committee	The Risk Management committee is responsible for assisting the Accounting Officer in addressing his oversight requirements of risk management and evaluating and monitoring the institution's performance with regards to risk management. The Risk Management committee is appointed by the Accounting officer and its role is to formulate, promote and review the institution's ERM objectives, strategy and policy to monitor the process at strategic, management and operational levels.
Combined Management, Speaker and Executive Mayoral Committee	To share information, to obtain input from Politicians and determine policy direction
Management Committee	To deal with and consider various managerial aspects and items
Portfolio Committees	As per legislation

ICT Committee	The purpose of this is to establish an ICT Steering committee to govern and be accountable for the municipality's ICT environment and ensure that ICT conforms to legislation. The committee will advise in terms of an oversight role to Management/ Council on all matters relating to ICT and be responsible for: i) the investigating, considering and steering of high level/ impact ICT projects; ii) The prioritising of proposed high level projects; iii) The constant reviewing of approved projects; iv) Facilitating the achievement of optimal ICT management; v) Enhancing the understanding and satisfaction with the value of ICT investments; vi) Encouraging constituent ownership of ICT projects and endorsement of ICT policies; vii) Fusing the ICT and business strategies, goals and resources and achieving competitive advantage through ICT; viii) Encouraging collaborative work environment and fosters trust via mutual credibility and responsiveness; ix) The revision of the draft ICT budget and budget processes; x) Mediating conflicts in priorities and/ or departmental perspectives that may not be in the best interest of the Municipality
Planning	
Financial Sustainability	This committee does not exist anymore
Ward Committees	The Ward Committee is the official liaison mechanism on all municipal matters within the community. The ward committees assist in the drafting of the Ward IDPs and Budget. They review the community input and participate in the Town Advisory Forum. The ward committee is also responsible for reviewing and approving the Service Level Agreements. They make recommendations to Council reports. They should report back to their constituencies on issues discussed at the ward committee meetings
Town Advisory Committees	The Town Advisory Forum meets when the ward committee's input is needed for a town as a whole. The role and function of the TAF is to advise and make recommendations to Council on behalf of the community within their respective wards on matters pertaining the IDP, Budget, Service delivery and developmental projects within the town. The TAF is the official body which the Municipality will liaise with regarding the matters affecting the entire town

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX D – FUNCTIONS OF MUNICIPALITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	Yes	No
Child care facilities	Yes	No
Electricity and gas reticulation	Yes	No
Firefighting services	No	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	Yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
<i>Continued next page</i>		
<i>Continued from previous page</i>		
Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 5, Part B functions:		
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours and crematoria	Yes	No
Cleansing	Yes	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	Yes	No
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	Yes	No
Licensing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
* If municipality: indicate (yes or No); * If entity: Provide name of entity		T D

APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Councillor S Potberg	Yes	8	2	2
	A August				
	E Mouries				
	C Sandenbergh				
	T Hermanus				
	J Johnson				
	F Boshoff				
	A Mouton				
	H Sauls				
	P Stander				
	C Lottering				
2	Alderman D du Toit	Yes	7	5	8
	J Kroukamp				
	C Barthus				
	P Adams				
	V Jansen				
	M Davis				
	M Ohlson de Fine				
	D Crabtree				
	A White				
	G Juries				
	W Beukman				
3	Councillor J Arendse	Yes	7	0	6
	E Magerman				
	Y van Tonder				
	A Davids				
	L Freeman				
	M Booysen				
	S Swartz				
	K Hoffman				

	C Benjamin				
4	M Koegelenberg	Yes	7	0	2
	J Brinkhys				
	N Jende				
	J de Waal				
	J van Deventer				
	J Norval				
	M Wessels				
	J de Witt				
	D du Toit				
	J Hauman				
5	C Lamprecht	Yes	6	8	2
	R Jansen				
	L Joanse				
	D Ontong				
	C Nel				
	B Bester				
	H Schoeman				
	F Matheoane				
	J Nichollis				
	D Rennie				
	J Kleyn				
6	R Brinkhys	Yes	6	0	2
	E Jansen				
	T Vali				
	R Antonie				
	D Rennie				
	H Blignaut				
	J Nichollis				
	J Kleyn				
	V Hendricks				
	A Sindelo				
	H Schoeman				
7	Alderman P Stanfliet	Yes	7	0	2
	J Swanepoel				
	I Andries				
	N Greeff				
	H Hendricks				
	J Faroa				
	C Afrika				
	H Pitcher				

	M Julies				
	M Goniwe				
	E Herman				
8	Councillor A Mentile	Yes	8	4	2
	L Khathatsho				
	J Kock				
	I Ludziya				
	A Bovungana				
	X Nonjiko				
	E Gertse				
	D Williams				
	T Xhego				
	N Klaasen				
9	Councillor D Jooste	Yes	6	0	2
	M Koelman				
	E Wagenaar				
	M May				
	D Johannes				
	N Fortuin				
	A Hanekom				
	J Jooste				
	H Schoeman				
	H Botha				
	I Kortje				
10	Councillor M Plato-Mentoor	Yes	8	0	2
	F Titus				
	C Januarie				
	L Hendricks				
	J Koopman				
	B Snyders				
	J de Bruin				
	J Hutton-Squire				
	E Williams				
11	Councillor T Ndlebe	Yes	8	3	4
	C Gertze				
	E Skey				
	S Mxhuma				
	N Ghubukile				
	P Mcetywa				

	L Erasmus				
	S Jonas				
	P Mzolisa				
	J Nganyatsi				
12	Councillor U Sipunzi	Yes	8	2	4
	W Nomxhanya				
	C Absalom				
	P Speelman				
	L Madizeni				
	T Zacharia				
	L de Bruyn-Davids				
	T Mamabolo				
	J Arendorff				
	M Ritcher				
13	Councillor M Bhanganzana	Yes	8	6	2
	N Mchasa				
	M Thobiganya				
	S Masiza	Yes			
	U Mtoko				
	J Fourie				
	D de Wee				
	G Pedro				
	A Julies				
	T Langa				
	T Nomshuva				
14	Councillor N Pieterse	Yes	8	0	4
	N Fredericks				
	D May				
	O Parnell				
	J Fillies				
	I Kortjé				
	F Oppelt				
	I Kortjé				

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)

Capital Projects: Seven Largest in Year 1 (Full List at Appendix X)				
				R' 000
No.	Project Name and detail	Start Date	End Date	Total Value
				T F.1

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery					
Households without minimum service delivery					
Total Households*					
Houses completed in year					
Shortfall in Housing units					
<i>*Including informal settlements</i>				T F.2	

Top Four Service Delivery Priorities for Ward (Highest Priority First)		
No.	Priority Name and Detail	Progress During Year 1
		T F.3

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Date of Committee	Committee recommendations during Year 2017/18	Recommendations adopted (enter Yes) If not adopted (provide explanation)
29-Aug-17	audit work completed and planned	Yes
29-Aug-17	Transfer of Land Audit	Yes
29-Aug-17	Supply Chain Management Third Quarter Review	Yes
29-Aug-17	Compliance Fourth Quarter Audit	Yes
29-Aug-17	SDBIP Fourth Quarter Audit	Yes
29-Aug-17	Recovery of Revenue Audit	Yes
29-Aug-17	Solid Waste Fourth Quarter Audit	Yes
29-Aug-17	Delay in registration of General Plans for Low Cost Housing Audit	Yes
29-Aug-17	Internal Audit Fourth Quarter Follow-up Report	Yes
29-Aug-17	Auditor General Report Follow-up	No - Agenda item referred back for clarity on a legal opinion that was obtained
29-Aug-17	Internal Audit request for information / comments SOP	Yes
29-Aug-17	Performance- and Audit Committee Evaluations	Yes
29-Aug-17	Internal Audit Evaluations	Yes
29-Aug-17	Revised Annual Risk Based Audit Plan 2017/2018	Yes
29-Aug-17	Rehabilitation of Landfill Sites: Proposed funding module	Yes
29-Aug-17	Quarterly Budget Statement for the fourth quarter ending 30 June 2017	Yes
29-Aug-17	Draft Financial Statements for the year ending 30 June 2017	Yes
29-Aug-17	Minutes of the Risk Management Committee	Yes
24-Nov-17	audit work completed and planned	Yes
24-Nov-17	SDBIP First Quarter Audit	Yes
24-Nov-17	Compliance First Quarter Audit	Yes
24-Nov-17	Risk Management Audit	Yes
24-Nov-17	Bulk Water Provision Audit	Yes
24-Nov-17	Supply Chain Management Fourth Quarter Review	Yes
24-Nov-17	Inventory Audit August 2017	Yes
24-Nov-17	Internal Audit First Quarter Follow-up Report	Yes
24-Nov-17	Fourth Quarter SDBIP Report of the Office of the Chief Audit Executive	Yes
24-Nov-17	First Quarter SDBIP Report of the Office of the Chief Audit Executive	Yes
24-Nov-17	Quarterly Budget Statement for the first quarter ending 30 September 2017	Yes
24-Nov-17	Quarterly progress report on Risk Management activities	Yes
24-Nov-17	Presentation of combined assurance model	Yes
24-Nov-17	Approved minutes of the Risk Management Committee	Yes
24-Nov-17	Status of ICT Governance and risk in TWK	Yes
19-Jan-18	2016/2017 Annual Report	Yes
23-Mar-18	audit work completed and planned	Yes
23-Mar-18	Supply Chain Management First Quarter Review	Yes

23-Mar-18	Expansion of Infrastructure - pressure on staff audit	Yes
23-Mar-18	Solid Waste Second Quarter Audit	Yes
23-Mar-18	SDBIP Second Quarter Audit	Yes
23-Mar-18	Compliance Second Quarter Audit	Yes
23-Mar-18	Inadequate Capital Funding Audit	Yes
23-Mar-18	Implementation of mSCOA Audit	Yes
23-Mar-18	Internal Audit Second Quarter Follow-up	Yes
23-Mar-18	Auditor General Report Follow-up	Yes
23-Mar-18	Second Quarter SDBIP report of the Office of the Chief Audit Executive	Yes
23-Mar-18	Quarterly budget statement for the second quarter ending 31 December 2017	Yes
23-Mar-18	Status of ICT Governance and risk in TWK	Yes
23-Mar-18	Ratio Analysis Report	Yes
23-Mar-18	Revised Annual Risk Based Audit Plan 2017/2018	Yes
23-Mar-18	Approved minutes of the Risk Management Committee	Yes
23-Mar-18	Risk Management Implementation Plan	Yes
23-Mar-18	Presentation of combined assurance model	Yes
23-Mar-18	Presentation of Risk Action Report 2017/2018	Yes
08-Jun-18	audit work completed and planned	Yes
08-Jun-18	Ad Hoc Travel Allowances Audit	Yes
08-Jun-18	Maintenance on Proclaimed Roads Audit	Yes
08-Jun-18	Supply Chain Management Second Quarter Audit	Yes
08-Jun-18	Inventory Audit March 2018	Yes
08-Jun-18	Compliance Third Quarter Audit	Yes
08-Jun-18	Internal Audit Third Quarter Follow-up	Yes
08-Jun-18	Auditor General Report Follow-up	Yes
08-Jun-18	Internal Audit Evaluations	Yes
08-Jun-18	Performance- and Audit Committee Evaluations	Yes
08-Jun-18	Meeting Schedule	Yes
08-Jun-18	Third Quarter SDBIP of the Office of the Chief Audit Executive	Yes
08-Jun-18	External Quality Assessment Proposal / Framework	Yes
08-Jun-18	Annual Risk Based Internal Audit Plan 2018/2019	Yes
08-Jun-18	Review and Approval of the Risk Management Strategy, Policy and Risk Management Committee Charter for 2018/2019	Yes
08-Jun-18	Quarterly budget statement for the third quarter ending 31 March 2018	Yes
08-Jun-18	Status of ICT Governance and risk in TWK	Yes
08-Jun-18	Performance Management Third Quarter Audit	Yes
08-Jun-18	Unlawful Land Invasions	Yes
08-Jun-18	Supply Chain Management Third Quarter Audit	Yes
08-Jun-18	Progress report - Risk Management Implementation Plan	Yes
08-Jun-18	Approved minutes of the Risk Management Committee	Yes
08-Jun-18	Selective application of national building regulations within TWK	Yes

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (13 Largest Contracts Entered into Year 2017/18)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
Ikusasa Water	Deviation: Supply, Erect, Commission, Operate and Maintain a Package Water Treatment Plant in Caledon inclusive of a Maintenance Agreement ending 30 June 2020	1/7/2017	30/06/2020	L. Parnell	15,695
ASLA Construction	Deviation: Provision of Professional Civil Engineering Services in Villiersdorp related to the Provision of Access Road Portion 1 in terms of the Implementing Agent Contact Addendum 18	12/15/2017	9/30/2018	B. Swartland	10,481
VE Reticulation (Pty) Ltd.	Electrification of Informal Houses in Villiersdorp	9/27/2017	6/22/2018	M. Redelinghuys	7,462
Hiload Inyanga Construction (Pty) Ltd.	Upgrading of the Caledon WWTW, Phase 1	5/28/2018	4/30/2019	N. Kayser	6,639
Aurecon South Africa (Pty) Ltd.	Provision of Professional Services: Upgrading and Refurbishment of the Caledon Waste Water Treatment Works	4/5/2018	7/1/2018	H. Marthinus	6,322
Ikusasa Water	Deviation: Supply, Erect, Commission, Operate and Maintain a Water Treatment Package Plant at Bereaville & Voorstekraal	3/1/2018	6/30/2018	H. Marthinus	5,538
East Coast Irrigation cc	Upgrading of the Bulk Sewer Pipe Line from Myddleton to Caledon WWTW, Phase 2	1/7/2017	30/06/2020	N. Kayser	4,591
Royal Haskoning DHV (Pty) Ltd.	Provision of Professional Services: Upgrading of the Caledon-Myddelton Bulk Sewer Main - Phase 2-4	11/12/2017	6/30/2018	N. Kayser	4,445
Adenco Construction (Pty) Ltd.	Medium and Low Voltage Upgrading of Caledon and Riviersonderend in the Theewaterskloof Municipal Area	11/21/2017	6/30/2018	M. Redelinghuys	4,391

CAB Holdings (Pty) Ltd.	Printing, Sorting and Mailing of Municipal Accounts for the period from 01 July 2017 until 30 June 2020	1/7/2017	30/06/2020	J. van Niekerk	4,281
Verso Financial Services (Pty) Ltd.	Group Life Insurance Scheme for the Period from 01 July 2017 to 30 June 2020	1/7/2017	30/06/2020	J. Amansure	3,114
ASLA Construction	Deviation: Provision of Professional Civil Engineering Services in Villiersdorp related to the Provision of a Bulk Water Service - Phase 2 in terms of the Implementing Agent Contract. Addendum 17	12/17/2017	6/30/2018	B. Swartland	2,852
Adenco Construction (Pty) Ltd.	Upgrading of Medium Voltage Networks in Greyton and Villiersdorp in Theewaterskloof Municipal Area	11/21/2017	6/30/2018	M. Redelinghuys	2,836

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 17/18 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	C Vosloo	Private residence - R2mil/Husband own business - LRV security
Member of MayCo / Exco		
Mayor	C Vosloo	Private residence - R2mil/Husband own business - LRV security
Deputy Mayor	I Sileku	Director and Co-Funder of Siyabulela Events Management - 50% share
Councillor	P Stanfliet	Nil
Councillor	K Papier	Private residence - R700 000 / Shaws Pass piggery
Councillor	M Koegelenberg	Nil
Councillor	J Arendse	Trustee - Carmens Trust
Councillor	M Plato-Mentoor	Private residence R800 000
Councillor	A C November	Nil
Councillor	T Mangcayi	Nil
Councillor	S Fredericks	Supervisor at Two-A-Day Group receiving salary
Councillor	B Tshabe	Private residence
Councillor	C Wood	Nil
Councillor	H Syster	Nil
Councillor	D Appel	Nova Civils (Wife is owner - service provider at TWK)
Councillor	R Mienies	Nil
Councillor	T Tshungwa	Nil
Councillor	D Du Toit	Trustee - Danie Du Toit Trust / erf709 Greyton R 2.5mil
Councillor	S Potberg	Nil
Councillor	U Sipunzi	Nil
Councillor	R Brinkhuys	Nil
Councillor	N A Mentile	Nil
Councillor	D Jooste	Nil
Councillor	T Ndlebe	Operating a driving school
Councillor	U Toto	Private residence - R39 000
Councillor	M Bhangazana	Disability Grant
Councillor	N Pieterse	Nil
Municipal Manager		
Chief Financial Officer	D Louw	Plot 419 Value-R420000, Plot 4035 Value- R1785400
Deputy MM and (Executive) Directors		
Director: Corporate Services		
Director: Development		
Director: Technical Services	D Damons	Leasing of Property (Did not disclosure value of property)

Director: Operations & Acting MM	J Barnard	House Value-R2 m
Other S57 Officials		
<i>* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A</i>		

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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	2016/2017	2017/2018			2017/2018	
	Actual	Original Budget	Adjustment Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Budget and treasury office	158,964	175,508	177,144	189,072	8%	7%
Vote 2 - Community and social services	8,331	7,323	7,323	8,202	12%	12%
Vote 3 - Corporate services	26,587	27,628	28,873	27,995	1%	-3%
Vote 4 - Electricity	85,212	87,442	91,942	89,649	3%	-2%
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	8,221	1,150	1,294	1,153	0%	-11%
Vote 7 - Housing	19,235	72,621	79,441	16,858	-77%	-79%
Vote 8 - Planning and development	5,086	2,625	3,404	3,374	-	-
Vote 9 - Public safety	31,111	30,435	30,435	48,278	59%	59%
Vote 10 - Road transport	4,554	5,913	10,384	5,448	-8%	-48%
Vote 11 - Sport and recreation	(949)	41	41	77	87%	87%
Vote 12 - Waste management	34,496	36,439	35,439	37,096	2%	5%
Vote 13 - Waste water management	31,703	35,599	34,899	33,936	-5%	-3%
Vote 14 - Water	69,465	58,460	67,993	72,699	24%	7%
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-
Total Revenue by Vote	482,016	541,185	568,614	533,838		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						
T K.1						

APPENDIX K (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
						R '000
Description	2016/17	2017/18		2017/2018 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	85,873	94,233	94,233	98,397	4.42%	4.42%
Service charges - electricity revenue	80,098	82,544	82,544	80,216	-2.82%	-2.82%
Service charges - water revenue	59,575	55,916	59,616	64,490	15.33%	8.18%
Service charges - sanitation revenue	25,607	29,771	29,071	27,553	-7.45%	-5.22%
Service charges - refuse revenue	27,527	29,776	28,776	29,947	0.57%	4.07%
Service charges - other	1,120	-	-	-	-	-
Rental of facilities and equipment	1,658	1,920	1,920	1,843	-4.02%	-4.02%
Interest earned - external investments	7,323	5,500	5,810	8,157	48.32%	40.40%
Interest earned - outstanding debtors	9,868	8,000	6,300	10,340	29.25%	64.12%
Dividends received	-	-	-	-	-	-
Fines, penalties and forfeits	30,621	30,301	30,301	48,989	61.67%	61.67%
Licences and permits	2,036	55	55	31	-43.32%	-43.32%
Agency services	2,865	5,798	5,798	5,358	-7.60%	-7.60%
Transfers and subsidies	94,544	129,296	136,799	96,989	-24.99%	-29.10%
Other revenue	14,441	5,770	7,584	11,112	92.59%	46.53%
Gains on disposal of PPE	297	500	500	-	100.00%	-100.00%
Total Revenue (excluding capital transfers and contributions)	443,453	479,381	489,308	483,421	0.84%	-1.22%
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>						
						T K.2

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG							R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)	
				Budget	Adjustments Budget		
National Treasury							
<i>Equitable Share (Indigent)</i>	77 911	77 911	77 911	0%	0%		
<i>Local Government Financial Management Grant (FMG)</i>	1 700	1 700	1 700	0%	0%		
<i>National Electrification Programme (NEP)</i>	3 000	7 500	7 625	154%	2%		
<i>Expanded Public Works Programmes</i>	1 621	1 623	1 623	0%	0%		
<i>Municipal Drought Relieve (MDR)</i>	0	3 134	2 886	0%	-8%		
<i>Public Works</i>	0	323	178	0%	-45%		
Total	84 232	92 191	91 923	9%	0%		
Provincial Treasury							
<i>Integrated Housing and Human Settlement & Dev. Grant</i>	72 621	81 625	16 681	-77%	-80%		
<i>CDW Operational Support Grant</i>	130	130	84	-35%	-35%		
<i>Maintenance Of Proclaimed Main Roads</i>	115	115	85	-26%	-26%		
<i>Library Service Conditional Grant</i>	6 718	6 718	7 499	12%	12%		
<i>Thusong Multi Purpose Centre</i>	212	595	460	117%	-23%		
<i>WC Finacial Management Support Grant (Long Term Financial Plan)</i>	0	350	0	0%	-100%		
<i>WC Financial management Support Grant (mSCOA)</i>	0	330	330	0%	0%		
<i>Municipal Capacity Building Grant</i>	240	940	363	51%	-61%		
<i>Municipal Disaster Recovery (Water Supply Grant)</i>	0	2 700	2 131	0%	-21%		
<i>LG Graduate Internship Grant</i>	0	60	40	0%	-33%		
Total	80 036	93 563	27 673	-65%	-70%		
Other Specify							
<i>SETA</i>	0	200	261	0%	30%		
<i>DBSA LEDI</i>	0	234	234	0%	0%		
<i>HAN students</i>	1 020	1 164	1 068	5%	-8%		
<i>IDC Grant</i>	0	162	162	0%	0%		
<i>SANRAL</i>	0	4 470	19	0%	-100%		
Total	1 020	6 231	1 744	71%	-72%		
* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.							TL

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

Capital Expenditure - New Assets Programme*							
R '000							
Description	2016/2017	2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	33 454	63 087	78 806	47 604	18 389	22 038	17 360
Infrastructure: Road transport - Total	12 294	24 052	34 747	13 011	5 052	13 050	–
Roads, Pavements & Bridges	696	14 052	22 825	12 447	4 377	–	–
Storm water	11 598	10 000	11 922	564	675	13 050	–
Infrastructure: Electricity - Total	6 534	1 000	1 300	1 154	–	–	–
Generation	–	–	–	–	–	–	–
Transmission & Reticulation	6 534	1 000	1 300	1 154	–	–	–
Street Lighting	–	–	–	–	–	–	–
Infrastructure: Water - Total	13 596	23 173	29 282	25 817	10 421	8 988	6 579
Dams & Reservoirs	–	825	6 476	5 418	–	8 988	4 386
Water purification	13 596	22 348	22 806	20 398	10 421	–	2 193
Reticulation	–	–	–	–	–	–	–
Infrastructure: Sanitation - Total	–	10 344	10 816	6 331	2 917	–	3 509
Reticulation	–	10 344	10 453	6 223	2 917	–	–
Sewerage purification	–	–	364	108	–	–	3 509
Infrastructure: Other - Total	1 030	4 518	2 660	1 291	–	–	7 272
Waste Management	1 030	4 518	2 660	1 291	–	–	7 272
Transportation	–	–	–	–	–	–	–
Gas	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–
Community - Total	1 850	50	467	126	–	–	–
Parks & gardens	504	–	–	–	–	–	–
Sportsfields & stadia	–	–	203	126	–	–	–
Swimming pools	–	–	–	–	–	–	–
Community halls	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–
Recreational facilities	1 346	–	–	–	–	–	–
Fire, safety & emergency	–	–	–	–	–	–	–
Security and policing	–	–	–	–	–	–	–
Buses	–	–	–	–	–	–	–
Clinics	–	–	–	–	–	–	–
Museums & Art Galleries	–	–	–	–	–	–	–
Cemeteries	–	50	264	–	–	–	–
Social rental housing	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–

Capital Expenditure - New Assets Programme*							
R '000							
Description	Year 2015/2016	Year 2016/2017			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-	-	-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-	-	-	-	-	-
Housing development							
Other							
Other assets	3 977	2 607	3 558	1 272	10 757	800	800
General vehicles	1 243				503		
Specialised vehicles							
Plant & equipment		1 365	1 754	817	3 546	800	800
Computers - hardware/equipment		162	176	109			
Furniture and other office equipment	2 734	1 080	929	347	408		
Abattoirs							
Markets							
Civic Land and Buildings			700	-	6 300		
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-	-	-	-	-	-
List sub-class							
Biological assets	-	-	-	-	-	-	-
List sub-class							
Intangibles	-	190	-	-	-	-	-
Computers - software & programming		190	-				
Other (list sub-class)							
Total Capital Expenditure on new assets	39 281	65 934	82 831	49 002	29 146	22 838	18 160
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

APPENDIX M (I): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year 2016/2017	Year 2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	23 729	35 903	40 033	31 498	-	-	-
Infrastructure: Road transport -Total		4 561	526	584	-	-	-
Roads, Pavements & Bridges	-	526	526	584			
Storm water	-	4 035	-	-			
Infrastructure: Electricity - Total	3 433	13 009	13 857	13 028	-	-	-
Generation							
Transmission & Reticulation	3 433	13 009	13 857	13 028			
Street Lighting							
Infrastructure: Water - Total	18 297	2 851	8 259	6 796	-	-	-
Dams & Reservoirs							
Water purification		-	2 700	2 131			
Reticulation	18 297	2 851	5 559	4 666			
Infrastructure: Sanitation - Total	129	15 481	17 391	11 090	-	-	-
Reticulation	129	5 197	7 106	3 101			
Sewerage purification		10 284	10 284	7 989			
Infrastructure: Other - Total	1 870	-	-	-	-	-	-
Waste Management	1 870						
Transportation							
Gas							
Other							
Community	-	1 951	1 493	1 370	-	-	-
Parks & gardens							
Sportsfields & stadia		1 600	900	859			
Swimming pools							
Community halls							
Libraries							
Recreational facilities			180	90			
Fire, safety & emergency							
Security and policing							
Buses							
Clinics							
Museums & Art Galleries							
Cemeteries		351	413	421			
Social rental housing							
Other							
Heritage assets	-	-	-	-	-	-	-
Buildings		-	-	-			
Other							

APPENDIX M (II): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year	Year 1			Planned Capital		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	5 149	5 927	5 344	-	-	-
General vehicles		3 727	4 447	4 371			
Specialised vehicles							
Plant & equipment		316	414	177			
Computers - hardware/equipment		455	455	323			
Furniture and other office equipment		401	361	288			
Abattoirs							
Markets							
Civic Land and Buildings		250	250	184			
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Capital Expenditure on renewal of existing assets	23 729	43 003	47 453	38 212	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: 2017/18					
					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water	17 230	28 909	25 519		
Drought Relieve - RSE	1 754	1 754	1 241	-29%	-29%
Nuwe Steenbras Reservoir, G'B	0	1 017	1 011	-1%	0%
Refurbishment and upgrading of the existing borehole Grey/Gen	0	2 700	2 131	-21%	0%
Grabouw Beverley Hills (Waterworks) low cost housing project	0	619	102	-83%	0%
Villiersdorp water treatment works upgrade: feasibility study	351	351	233	-34%	-34%
Water source development, Genadendal	219	219	202	-8%	-8%
Destiny: Bulk water - Villiersdorp	2 502	2 502	2 500	0%	0%
Water source development, Tesselaarsdal	605	1 705	1 388	-19%	129%
Repair and Replace Water pre-paid meters	2 500	5 208	4 433	-15%	77%
Drought Relieve - Caledon	9 298	9 298	9 255	0%	0%
Caledon borehole	0	400	137	-66%	0%
Drilling of borehole Vdorp	0	400	322	-20%	0%
Drilling of borehole RSE	0	88	70	-20%	0%
Drilling of borehole Genadendal	0	1 912	1 941	2%	0%
Drilling of borehole Greyton	0	139	99	-29%	0%
Drilling of borehole Bereaville	0	595	454	-24%	0%
Electricity	14 009	15 157	14 183		
Highmast lighting - Grabouw	1 000	1 300	1 154	-11%	15%
Replace and upgrade MV networks and miniature substation - Caledon	888	968	917	-5%	3%
Upgrading Cemetery switching station - Caledon	2 562	2 872	2 725	-5%	6%
Replace switching station Viljoen Engineering - Villiersdorp	495	546	483	-11%	-2%
Complete ring supply to Van Schalkwyk PHASE1 - Genadendal/Greyton	990	1 320	1 271	-4%	28%
Replace overhead line Da La Vigne PHASE2 - RSE	574	651	574	-12%	0%
Upgrading of Bulk Electrical Infrastructure - Villiersdorp	7 500	7 500	7 057	-6%	-6%
				#DIV/0!	
				#DIV/0!	#DIV/0!
Sewerage/Sanitation	17 032	19 305	12 708		
Upgrade Waste Water Treatment Works - Villiersdorp	0	1 909	1 711	-10%	0%
Bulk outfall sewer - Caledon	10 284	10 284	7 989	-22%	-22%
Destiny: Bulk sewer - Villiersdorp	1 551	1 551	1 510	-3%	-3%
Beverley Hills (Sewerage) low cost housing project - Grabouw	0	364	108	-70%	
Waste Water Treatment Works Upgrade - Caledon	5 197	5 197	1 391	-73%	-73%
				#DIV/0!	#DIV/0!
Waste Management	4 518	2 660	1 291		
Upgrade Waste Drop off Station - RSE	132	554	553	0%	320%
New Waste Transfer Station, Caledon	4 386	2 107	738	-65%	-83%
Housing	36 381	37 760	14 937		
Low Cost Housing Project: Caledon Site Saviwa 790 Riemvasmaak	4 000	1 097	1 726	57%	-57%
Low Cost Housing Project: Grabouw Rooidakke (1169) Phase 5	9 750	14 338	5 787	-60%	-41%
Low Cost Housing Project: Grabouw Rooidakke Extension 4300 1169	13 131	9 198	564	-94%	-96%
Low Cost Housing Project: Grabouw Siyayanzela	0	3 546	0	-100%	0%
Low Cost Housing Project: Villiersdorp Destiny Farm (2305) IRDP	2 000	2 538	0	-100%	-100%
Low Cost Housing Project: Riviersonderend (140) UISP	7 000	6 150	6 804	11%	-3%
Low Cost Housing Project: Greyton and Genadendal	0	893	0	-100%	
Low Cost Housing Project: Botrivier New France (226)	500	0	55	274%	89%

Capital Programme by Project: 2017/18					
R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Sports Fields	1 600	1 103	985	-11%	-38%
New Sport Facility Phase I - Tesselaarsdal	0	203	126	-38%	
Upgrading of Pineview sports ground - Grabouw	1 600	900	859	-5%	-46%
Fleet	3 727	4 827	4 371	-9%	17%
Purchase of Fleet	2 776	2 476	2 476	0%	-11%
Vehicle Tracking System	0	380	0	-100%	0%
Purchase of Digger loader	0	1 100	1 026	-7%	0%
Purchase of Isuzu Truck	950	870	870	0%	-9%
Roads, Pavements, Bridges & Stormwater	9 820	15 048	10 465	-30%	7%
Pick up and drop off zone - Grabouw	0	4 470	0	-100%	0%
Purchase of land for access road to the site from DTPW - C	100	100	0	-100%	-100%
Destiny access road - Villiersdorp	5 159	9 951	9 881	-1%	92%
Housing upgrade Disa Street - RSE	526	526	584	11%	11%
Stormwater upgrade - TWK	4 035	0	0	0%	-100%
Land and Buildings	401	677	421	-38%	5%
Expansion of cemetery, Caledon	351	413	421	2%	20%
Expansion of cemetery, G'B	50	264	0	-100%	-100%
Office Equipmant	4 219	4 839	2 335	-52%	-45%
Inventory Items - Administration	188	181	154	-15%	-18%
Inventory Items - Botrivier	107	104	66	-37%	-39%
Inventory Items - Caledon	1 850	1 570	710	-55%	-62%
Inventory Items - Grabouw	388	1 088	214	-80%	-45%
Inventory Items - Greyton / Genadendal	302	482	248	-49%	-18%
Inventory Items - IDP/SDBIP	0	35	17	-50%	0%
Inventory Items - IT	869	869	511	-41%	-41%
Inventory Items - RSE	65	65	55	-15%	-15%
Inventory Items - TWK	142	142	219	54%	54%
Inventory Items - Villiersdorp	310	305	140	-54%	-55%
Total Capital Programme by Project	108 936	130 284	87 214		
T N					

APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0

Capital Programme by Project by Ward: Year 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Botrivier			
Low-cost housing development at New France (Water, sewer, roads and stormwater)	Ward 7	No	
Upgrade of Water Treatment Plant	Ward 7	No	
Installation of High level reservoir	Ward 7	No	
Upgrade Waste Water Treatment Plant	Ward 7	No	
Community Hall	Ward 7	No	
Inventory Items	Ward 7	Yes	
Caledon			
Waste Transfer Station	Ward 4	No	
Bulk outfall Sewer	Ward 4	No	
Upgrading of waste water treatment works	Ward 4	No	
Expansion of cemetery	Ward 4	Yes	
Development of Venster Property Erf 136	Ward 3	No	
Purchase of land for entrance to private Hospital - portion of Erf 1085	Ward 3	No	
Replace and upgrade of MV Networks	Ward 3 & 4	Yes	
Install security fencing Switching stations	Ward 3, 4 & 6,7	No	
Expansion of Caledon Traffic Offices	Ward 3 & 4	No	
Low Cost Housing Project: Caledon Site Saviwa 790 Riemvasmaak	Ward 4	Yes	
Inventory Items	Ward 3, 4 & 6,7	Yes	
Genadendal			
Waste drop off	Ward 2	Yes	
Water Source Development	Ward 2	Yes	
Refurbishment and upgrading of the existing borehole	Ward 2	No	
Inventory Items	Ward 2	Yes	
Greyton			
Waste drop off	Ward 2	Yes	
Complete ring supply to Van Schalkwyk PHASE1	Ward 2	Yes	
Rebuild of Greyton Market	Ward 2	No	
Inventory Items	Ward 2	Yes	
Tesselaarsdal			
Upgrading of bulk water	Ward 3	Yes	
New Sport Facility Phase I	Ward 3	No	
Inventory Items	Ward 3	Yes	
Grabouw			
Expansion of cemetery - Grabouw	Ward 9	No	
Grabouw pick up and drop off zone	Ward 9	No	
New bulk water pipe line for low-cost housing development at Water Works	Ward 11	No	
Nuwe Steenbras Reservoir	Ward 11	Yes	
High mast lighting for Grabouw	All Grabouw Wards	Yes	
New bulk sewer pipe line for low-cost housing development at Water Works in Grabouw	Ward 11	No	
Capital Low Cost Housing Project: Grabouw Rooidakke (1169) Phase 5	Ward 1	No	
Capital Low Cost Housing Project: Grabouw Rooidakke Extension 4300 (1169)	Ward 11	No	
Upgrading of Pineview sports ground	All Grabouw Wards	Yes	
Grabouw verkeerskantoor	All Grabouw Wards	No	
Inventory Items	All Grabouw Wards	Yes	

Capital Programme by Project by Ward: Year 2017/18			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Riviersonderend			
Housing upgrade Disa Street	Ward 1	Yes	
Replace overhead line Da La Vigne PHASE2.	Ward 1	No	
Drought Relieve	Ward 1	Yes	
Drilling of borehole RSE	Ward 1	Yes	
Low Cost Housing Project: Riviersonderend (140) UISP	Ward 1	Yes	
Waste Drop off	Ward 1	No	
Inventory Items	Ward 1	Yes	
TWK			
Stormwater upgrade	All Wards	No	
Smart Water meters	All Wards	No	
Purchase of Fleet	Ward 3	Yes	
Vehicle Tracking System	All Wards	No	
Purchase of Digger loader	All Wards	Yes	
Isuzu Truck	All Wards	Yes	
Replacement of Tools	All Wards	No	
Finance Equipment	All Wards	No	
Operational equipment	All Wards	Yes	
Inventory Items	All Wards	No	
Villiersdorp			
Destiny access road	Ward 6	No	
Destiny: Bulk water	Ward 6	Yes	
Villiersdorp water treatment works upgrade: feasibility study	Ward 5,6	Yes	
Drilling of borehole Vdorp	Ward 5	Yes	
Replace switching station Viljoen Engineering	Ward 6	Yes	
Destiny: Bulk sewer	Ward 6	Yes	
Low Cost Housing Project: Villiersdorp Destiny Farm (2305) IRDP (Water supply infrastructure distribution)	Ward 6	No	
Capital - Low Cost Housing Project: Grabouw Siyayanzela storm water	Ward 6	No	
Upgrading of Bulk Electrical Infrastructure	Ward 6	Yes	
Upgrade Waste Water Treatment Works	Ward 6	Yes	
Inventory Items	Ward 5,6	Yes	
	T O		

APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools and Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (NAMES, LOCATIONS)				
Clinics (NAMES, LOCATIONS)				
Names and locations of schools and clinics lacking one or more services. Use 'x' to mark lack of service at appropriate level for the number of people attending the school/clinic, allowing for the proper functioning of the establishment concerned.				

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APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reservoirs		
Schools (Primary and High):		
Sports Fields:		
		TQ

APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 1				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 1 R' 000	Total Amount committed over previous and future years
<i>* Loans/Grants - whether in cash or in kind</i>				T R

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

MFMA Section 71 Returns Not Made During Year 1 According to Reporting Requirements	
Return	Reason Return has not been properly made on due date
Section 71 report for July 2017 was due on 13 August 2017 but submitted late on 31 October 2017	<p>On 22 April 2014 the Minister of Finance promulgated a regulation that requires all municipalities to implement uniform standards to conduct budget related transactions and financial reporting to National Treasury. The effective date of the regulation was 1 July 2017.</p> <p>The new service provider failed to adhere to the due dates in the implementation plan and the municipality is still not able to transact on the new system. It is anticipated that the migration process will be completed by 11 August 2017.</p>
Section 71 report for August 2017 was due 15 September 2017 but submitted late on 31 October 2017	<p>The new service provider failed to adhere to the due dates in the implementation plan and the municipality is still not able to transact on the new system. It was anticipated that the migration process will be completed by 11 August 2017 but it did not realise due to system errors which has occurred.</p>
Section 71 report for September 2017 was due 13 October 2017 but submitted late on 31 October 2017.	<p>Whilst the municipality is taking every effort to ensure that the data is credible and the system is set up correctly, there are certain system related errors which are occurring and repeating itself which is causing delays with the implementation and month end procedures.</p> <p>It is for this reason that an urgent meeting between the relevant parties will be arranged to agree on an action plan with resources and due dates as well as responsible persons that will assist us to catch up with the current back log.</p>
Section 71 Report for April 2018 was due 15 May 2018 but submitted late on 24 May 2018.	<p>The minister of Finance announced the increase in VAT from 14% - 15%. The service provider had to implement the VAT change on the system. The change has been made by the service provider but we are facing different challenges with these change made to the system, TWK is not able to transact on the system. It is anticipated that the process will be completed by 15 May 2017.</p>
T S	

DRAFT

THEEWATERSKLOOF LOCAL MUNICIPALITY



Theewaterskloof
Municipality

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2018

THEEWATERSKLOOF LOCAL MUNICIPALITY

INDEX

Content	Page
General Information	1 - 2
Approval of the Financial Statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts	8 - 10
Accounting Policies	11 - 33
Notes to the Financial Statements	34 - 83
APPENDICES - Unaudited	
A Schedule of External Loans	84
B Disclosure of Grants and Subsidies	85
C National Treasury's Appropriation Statement	86 - 92

THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Theewaterskloof Local Municipality performs the functions as set out in the Constitution. (Act no 105 of 1996)

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Theewaterskloof Local Municipality includes the following areas:

Caledon	Greyton
Grabouw	Genadendal
Villiersdorp	Botrivier
Riviersonderend	Tesselaarsdal

MEMBERS OF THE COUNCIL

Ward 1	Mr S Potberg
Ward 2	Mr D du Toit
Ward 3	Mrs J Arendse
Ward 4	Mrs MM Koegelenberg
Ward 5	Mr CM Lamprecht
Ward 6	Mr R Brinkhuys
Ward 7	Mrs PU Stanfliet
Ward 8	Mrs A Mentile
Ward 9	Mr D Jooste
Ward 10	Mrs M Plato-Mentoor
Ward 11	Mrs T Ndlebe
Ward 12	Mr UT Sipunzi
Ward 13	Mr M Bhangazana
Proportional	Mr N Pieterse
Proportional	Mrs C Vosloo
Proportional	Mr I Sileku
Proportional	Mr K Papier
Proportional	Mr C November
Proportional	Mrs T Mangcayi
Proportional	Mr S Fredericks
Proportional	Mr B Tshabe
Proportional	Mrs C Wood
Proportional	Mr H Syster
Proportional	Mr D Appel
Proportional	Mrs R Mienies
Proportional	Mr T Tshungwana
Proportional	Mrs M le Roux

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mrs C Vosloo
Deputy Executive Mayor	Mr IM Sileku
Executive Councillor	Mrs MM Koegelenberg
Executive Councillor	Mrs J Arendse
Executive Councillor	Mrs PU Stanfliet
Executive Councillor	Mr K Papier
Executive Councillor	Mrs M Plato-Mentoor

MUNICIPAL MANAGER

Mr GF Matthyse	Appointed on 14 March 2018
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THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

SPEAKER

Mr D Du Toit

CHIEF FINANCIAL OFFICER

Mr D Louw

AUDIT COMMITTEE

GN Lawrence

A Pienaar

VW van der Linde

Resigned 19 January 2018

E Lakey

REGISTERED OFFICE

6 Plein Street

Caledon

7230

POSTAL ADDRESS

6 Plein Street

Caledon

7230

AUDITORS

Office of the Auditor General (WC)

PRINCIPLE BANKERS

ABSA Bank Limited

ATTORNEYS

Bosman & Smit Pretorius

GJ Claughton

Johnson Attorneys

Guthrie & Theron

Fairbridges Attorneys

Finck Attorneys

DHM Attorneys

Bradley Conradie Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

National Environmental Management Act

Preferential Procurement Policy Framework Act, 200

Occupational Health and Safety Act

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ACCOUNTING OFFICER

I am responsible for the preparation of these annual financial statements year ended 30 June 2018, which are set out on pages 1 to 83 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr GF Matthyse
Municipal Manager

31 August 2018
Date

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

	Notes	2018 (Actual)	2017 (Restated)
ASSETS			
Current Assets		133 179 680	114 700 978
Cash and Cash Equivalents	2	63 900 561	64 323 450
Receivables from Exchange Transactions	3	33 606 683	27 672 228
Receivables from Non-Exchange Transactions	4	16 232 180	14 210 572
Unpaid Conditional Government Grants	5	4 625 423	187 475
Taxes	6	8 326 291	2 702 895
Operating Leases	7	533 076	539 922
Current Portion of Long-term Receivables	8	14 744	1 361
Inventory	9	5 940 722	5 063 075
Non-Current Assets		853 114 937	789 587 364
Long-term Receivables	8	12 014	2 847
Investment Property	10	66 447 569	66 767 306
Property, Plant and Equipment	11	766 263 070	700 538 775
Intangible Assets	12	1 243 880	1 406 277
Heritage Assets	13	-	-
Capitalised Restoration Costs	14	6 579 598	9 227 092
Non-current Investments	15	12 568 806	11 645 067
Total Assets		986 294 617	904 288 342
Current Liabilities		91 943 928	81 130 490
Current Portion of Long-term Liabilities	16	7 454 200	8 188 718
Consumer Deposits	17	4 707 519	4 704 759
Payables from exchange transactions	18	41 446 969	39 108 842
Unspent Conditional Government Grants	19	17 097 285	9 127 652
Unspent Public Contributions	20	421 637	306 005
Current Employee benefits	21	20 816 318	19 694 515
Non-Current Liabilities		213 754 702	211 827 199
Long-term Liabilities	16	79 745 589	87 200 353
Employee benefits	22	50 077 873	47 397 260
Non-Current Provisions	23	83 931 240	77 229 586
Total Liabilities		305 698 630	292 957 689
NET ASSETS		680 595 987	611 330 653
COMMUNITY WEALTH			
Accumulated Surplus		668 170 634	597 945 083
Reserves	24	12 425 354	13 385 570
		680 595 987	611 330 653

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		301 020 731	259 203 402
Taxation Revenue		98 396 554	85 872 817
Property Rates	25	98 396 554	85 872 817
Transfer Revenue		148 364 617	134 604 041
Government Grants and Subsidies - Operating	26	96 988 944	95 241 128
Government Grants and Subsidies - Capital	26	50 145 492	38 415 910
Public Contributions and Donations	27	1 230 181	947 003
Other Revenue		54 259 560	38 726 544
Insurance Refund		1 273 419	1 632 345
Fines, Penalties and Forfeits	28	48 988 804	30 974 391
Actuarial Gains	29	3 725 580	5 950 158
Reversal of Impairments	30	-	22 601
Contributed Assets	31	271 756	147 049
REVENUE FROM EXCHANGE TRANSACTIONS		232 817 548	223 649 668
Operating Activities		232 817 548	223 649 668
Service Charges	32	202 204 928	192 809 663
Rental of Facilities and Equipment	33	1 842 854	1 657 968
Interest Earned - External Investments		8 157 487	7 323 159
Interest Earned - Outstanding Debtors		10 339 844	9 868 219
Agency Services	34	5 357 963	5 628 583
Licences and Permits	35	31 176	68 467
Other Income	36	4 883 297	5 996 825
Gain on disposal of Non-Monetary Assets	49	-	296 784
TOTAL REVENUE		533 838 278	482 853 070
EXPENDITURE			
Employee Related Costs	37	181 044 060	162 337 336
Remuneration of Councillors	38	11 538 787	9 986 691
Debt Impairment	39	81 973 432	60 300 033
Depreciation and Amortisation	40	23 581 613	28 836 896
Impairment	41	540 087	-
Repairs and Maintenance	42	20 647 338	27 370 044
Actuarial Losses	43	368 790	-
Finance Charges	44	19 009 684	19 629 044
Bulk Purchases	45	67 091 482	67 125 660
Contracted Services	46	23 686 752	21 082 635
Transfers and Grants	47	2 377 804	2 285 090
Other Expenditure	48	30 354 142	40 340 752
Loss on disposal of Non-Monetary Assets	49	2 358 925	-
TOTAL EXPENDITURE		464 572 898	439 294 180
NET SURPLUS FOR THE YEAR		69 265 380	43 558 890

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2018

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2016 - Previously Reported	8 599 462	571 827 233	580 426 695
Correction of error restatement - refer to note 50.5	-	(12 654 933)	(12 654 933)
Balance on 30 June 2016 - Restated	8 599 462	559 172 301	567 771 762
Net Surplus for the year	-	43 558 890	43 558 890
Property, Plant and Equipment purchased	(4 372 986)	4 372 986	-
Transfer to Capital Replacement Reserve	9 159 094	(9 159 094)	-
Balance on 30 June 2017 - Restated	13 385 569	597 945 083	611 330 652
Net Surplus for the year	-	69 265 335	69 265 335
Property, Plant and Equipment purchased	(2 725 262)	2 725 262	-
Transfer to Capital Replacement Reserve	1 765 046	(1 765 046)	-
Balance on 30 June 2018	12 425 353	668 170 634	680 595 987

THEEWATERSKLOOF LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2018

	Notes	2018 R (Actual)	2017 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		93 424 697	79 639 759
Service Charges and Interest on outstanding Debtors		166 984 974	166 551 831
Other Revenue		18 444 033	30 544 184
Government Grants		150 666 120	137 391 864
Investment Income		8 157 487	7 323 159
Payments			
Suppliers and employees		(330 388 585)	(331 849 125)
Finance charges		(9 576 269)	(10 335 889)
Transfer and Grants		(2 377 804)	(2 285 090)
NET CASH FROM OPERATING ACTIVITIES	52	95 334 652	76 980 693
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		295 000	1 908 478
Payments			
Purchase of Property, Plant and Equipment		(86 942 234)	(63 010 433)
Purchase of Intangible Assets		-	-
Increase in Non-current Investments		(923 739)	(918 940)
NET CASH USED INVESTING ACTIVITIES		(87 570 973)	(62 020 895)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		-	-
Increase in Consumer Deposits		2 714	407 331
Payments			
Loans repaid		(8 189 282)	(7 486 149)
NET CASH USED FINANCING ACTIVITIES		(8 186 568)	(7 078 818)
NET INCREASE/(DECREASE) IN CASH HELD		(422 889)	7 880 980
Cash and Cash Equivalents at the beginning of the year		64 323 450	56 442 470
Cash and Cash Equivalents at the end of the year		63 900 561	64 323 450

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	2 206 669	7 370 909	9 577 578	23 245 317	13 667 739
Call investment deposits	40 000 000	(7 966 741)	32 033 259	40 655 244	8 621 985
Consumer debtors	50 737 225	(7 643 430)	43 093 795	38 795 407	(4 298 388)
Other Receivables	3 191 151	14 704 681	17 895 832	24 528 247	6 632 415
Current portion of long-term receivables	750	611	1 361	14 744	13 384
Inventory	5 739 461	(676 386)	5 063 075	5 940 722	877 647
Total current assets	101 875 256	5 789 643	107 664 899	133 179 681	25 514 782
Non current assets					
Long-term receivables	2 137	(651)	1 486	12 014	10 528
Investments	10 726 127	918 940	11 645 067	12 568 806	923 739
Investment property	59 039 535	7 166 552	66 206 087	66 447 569	241 482
Property, plant and equipment	812 583 078	5 423 653	818 006 731	772 842 669	(45 164 063)
Intangible Assets	1 473 123	(148 455)	1 324 668	1 243 880	(80 788)
Total non current assets	883 823 999	13 360 039	897 184 039	853 114 937	(44 069 101)
TOTAL ASSETS	985 699 256	19 149 682	1 004 848 938	986 294 618	(18 554 320)
LIABILITIES					
Current liabilities					
Borrowing	9 812 802	469 386	10 282 188	7 454 200	(2 827 988)
Consumer deposits	4 828 594	-	4 828 594	4 707 519	(121 075)
Trade and other payables	57 538 369	(5 768 073)	51 770 296	58 965 891	7 195 595
Provisions and Employee Benefits	49 302 879	(28 426 693)	20 876 186	20 816 318	(59 867)
Total current liabilities	121 482 644	(33 725 380)	87 757 263	91 943 928	4 186 664
Non current liabilities					
Borrowing	122 557 701	(13 064 316)	109 493 385	79 745 589	(29 747 796)
Provisions and Employee Benefits	99 728 458	18 098 683	117 827 141	134 009 113	16 181 972
Total non current liabilities	222 286 159	5 034 367	227 320 526	213 754 702	(13 565 824)
TOTAL LIABILITIES	343 768 803	(28 691 014)	315 077 789	305 698 630	(9 379 159)
NET ASSETS	641 930 453	47 840 696	689 771 149	680 595 988	(9 175 160)
COMMUNITY WEALTH					
Accumulated Surplus	637 061 973	39 323 606	676 385 579	668 170 634	(8 214 945)
Reserves	4 868 480	8 517 090	13 385 570	12 425 355	(960 214)
TOTAL COMMUNITY WEALTH/EQUITY	641 930 453	47 840 696	689 771 149	680 595 988	(9 175 160)

Refer to note 54.2 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	94 232 677	-	94 232 677	98 396 554	4 163 877
Service Charges - Electricity Revenue	82 544 155	-	82 544 155	80 215 711	(2 328 444)
Service Charges - Water Revenue	55 915 681	3 700 000	59 615 681	64 489 543	4 873 862
Service Charges - Sanitation Revenue	29 771 012	(700 000)	29 071 012	27 552 963	(1 518 049)
Service Charges - Refuse Revenue	29 776 405	(1 000 000)	28 776 405	29 946 711	1 170 306
Rental of Facilities and Equipment	1 920 000	-	1 920 000	1 842 854	(77 146)
Interest Earned - External Investments	5 500 000	310 000	5 810 000	8 157 487	2 347 487
Interest Earned - Outstanding Debtors	8 000 000	(1 699 999)	6 300 001	10 339 844	4 039 843
Fines	30 301 000	-	30 301 000	48 988 804	18 687 804
Licences and Permits	55 000	-	55 000	31 176	(23 824)
Agency Services	5 798 480	-	5 798 480	5 357 963	(440 518)
Transfers Recognised - Operational	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)
Other Revenue	5 769 994	1 814 005	7 583 999	11 112 477	3 528 478
Gain on Disposal of PPE	500 000	-	500 000	-	(500 000)
Total Revenue (excluding capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)
EXPENDITURE					
Employee Related Costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)
Remuneration of Councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)
Debt Impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432
Depreciation and Asset Impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902
Finance Charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)
Bulk Purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)
Other material	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)
Contracted Services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)
Transfers and Grants	110 000	30 000	140 000	2 377 804	2 237 804
Other Expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)
Loss on Disposal of PPE	-	-	-	2 358 925	2 358 925
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764
Transfers Recognised - Capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895

Refer to note 54.3 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	84 809 410	(3 214 013)	81 595 396	93 424 697	11 829 300
Service charges	178 206 527	(5 021 687)	173 184 840	166 984 974	(6 199 866)
Other revenue	20 209 694	(188 180)	20 021 514	18 444 033	(1 577 481)
Government	191 101 000	16 156 735	207 257 735	150 666 120	(56 591 615)
Interest	9 500 000	1 765 125	11 265 125	8 157 487	(3 107 638)
Payments					
Suppliers and Employees	(393 453 847)	(6 644 233)	(400 098 080)	(330 388 585)	69 709 496
Finance Charges	(10 526 535)	-	(10 526 535)	(9 576 269)	950 266
Transfers and Grants	(110 000)	(30 000)	(140 000)	(2 377 804)	(2 237 804)
Net Cash from/(used) Operating Activities	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	500 000	-	500 000	295 000	(205 000)
Decrease/(Increase) in Other Non-Current Receivables	1 321	40	1 361	(923 739)	(925 100)
Decrease (increase) in non-current investments	-	-	-	-	-
Payments					
Capital Assets	(108 936 201)	(21 348 104)	(130 284 305)	(86 942 234)	43 342 071
Net Cash from/(used) Investing Activities	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	32 244 201	(212 449)	32 031 752	-	(32 031 752)
Increase/(Decrease) in Consumer Deposits	273 317	(149 483)	123 834	2 714	(121 120)
Payments					
Repayment of Borrowing	(8 101 560)	456 311	(7 645 249)	(8 189 282)	(544 032)
Net Cash from/(used) Financing Activities	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)
NET INCREASE/(DECREASE) IN CASH HELD	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724
Cash and Cash Equivalents at the year begin	46 489 343	17 834 107	64 323 450	64 323 450	-
Cash and Cash Equivalents at the year end	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724

Refer to note 54.4 for explanations of material variances.

Material variances are considered to be any variances greater than R4.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In term of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the following Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 20	Related Party Disclosures	1 April 2019
GRAP 108	Statutory Receivables	1 April 2019

The effect of the above-mentioned Standards of GRAP which were early adopted is considered insignificant. Accounting policies for these Standards of GRAP were already formulated in the prior year's financial statements. The only effect is additional disclosure requirements.

The Municipality resolved to early adopt the following amended Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
GRAP 12 (2017)	Inventories	1 April 2018
GRAP 16 (2017)	Investment Property	1 April 2018
GRAP 17 (2017)	Property, Plant and Equipment	1 April 2018
GRAP 21 (2017)	Impairment of non-cash-generating assets	1 April 2018
GRAP 26 (2017)	Impairment of cash-generating assets	1 April 2018
GRAP 27 (2017)	Agriculture	1 April 2018
GRAP 31 (2017)	Intangible Assets	1 April 2018
GRAP 103 (2017)	Heritage Assets	1 April 2018

The effect of the above-mentioned amended Standards of GRAP which were early adopted is considered insignificant. The amendments to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 12 - "The Selection of an Appropriate Reporting Framework by Public Entities" (effective 1 April 2018) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

The Municipality further resolved not to early adopt the following Standards of GRAP and Interpretations of the Standard of GRAP which were issued but are not yet effective:

1.08.1.1 GRAP 18 - Segment Reporting (effective 1 April 2020)

The objective of this Standard is to establish principles for reporting financial information by segments.

Preliminary investigations indicated that, other than additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.2 GRAP 32 - Service Concession Arrangements: Grantor (effective 1 April 2019)

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.3 GRAP 109 - Accounting by Principles and Agents (effective 1 April 2019)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

No significant impact is expected as the Municipality's current treatment is already in line with the Standard's requirements.

1.08.1.4 GRAP 110 - Living and Non-living Resources (effective 1 April 2020)

The objective of this Standard is to prescribe the:

- (a) recognition, measurement, presentation and disclosure requirements for living resources; and
- (b) disclosure requirements for non-living resources.

Preliminary investigations indicated that the Municipality's non-living resources do not fall within the scope of this Standard.

1.08.1.5 IGRAP 17 - Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

This Interpretation of the Standards provides guidance to the grantor where it has entered into a service concession arrangement, but only controls a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

Preliminary investigations indicated that, other than possibly additional disclosure, the impact of the Standards on the financial statements will be not be significant.

1.08.1.6 Recognition and Derecognition of Land (effective 1 April 2019)

This Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as an asset in its financial statements.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

1.08.1.7 Liabilities to Pay Levies (effective 1 April 2019)

This Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19.

No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation's requirements.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following original Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 34 - Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

No significant impact is expected as the Municipality has no investments in any entities.

1.08.2.2 GRAP 35 - Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

No significant impact is expected as the Municipality does not control any entities.

1.08.2.3 GRAP 36 - Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

No significant impact is expected as the Municipality does not have investments in any associates or joint ventures.

1.08.2.4 GRAP 37 - Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

No significant impact is expected as the Municipality does not have an interest in any arrangements that are controlled jointly.

1.08.2.5 GRAP 38 - Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- (a) the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- (b) the effects of those interests on its financial position, financial performance and cash flows.

No significant impact is expected as the Municipality does not have an interest in any entities, associates, joint ventures or joint arrangements.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	20 - 100

1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on the a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		Leased Assets	
Land	N/A	Office Equipment	3 - 15
Buildings	20 - 100		
Work in progress	N/A	Other Assets	
		Vehicles	5 - 30
Infrastructure		Tools & Equipment	5 - 35
Roads and Storm water	5 - 150	Furniture	5 - 20
Electricity Network	10 - 100	Special Vehicles	10 - 35
Sewerage Network	10 - 200	Tables	5 - 20
Water Network	10 - 200	Chairs	5 - 20
Refuse Removal	20 - 50	Office Equipment	3 - 15
Work in progress	N/A	Computer Hardware	3 - 15
		Other	15
Community Assets			
Parks and Gardens	15 - 20		
Cemeteries	30		

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	3 - 15

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.14 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the primary objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.14.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.14.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.14.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.14.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs in bringing the inventories to their current location and condition.

1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.16 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

1.16.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.16.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National- and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.16.3 Short-term Benefits

1.16.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.16.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

1.16.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16.3.4 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.18 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.18.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.18.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.19.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.19.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

1.19.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.19.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.20 STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.20.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.20.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.20.3 Impairment and uncollectability of statutory receivables

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.20.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.24 NON-CURRENT INVESTMENTS

Investments which include investments in listed shares and fixed deposits invested in registered commercial banks.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

1.25 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.26 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.27 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.28 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.28.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.28.1.1 Taxation Revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.28.1.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.28.1.3 Fines

Fine Revenue constitutes both spot fines and summonses. Any fine reductions or cancellations subsequent to the fine issue date is recorded as a write-off against the provision raised for debt impairment.

1.28.1.4 Insurance Refunds

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.28.1.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.28.1.6 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.28.1.7 Services in-kind

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.28.1.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.28.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.28.2.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.28.2.2 *Interest earned*

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.28.2.3 *Rental income*

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.28.2.4 *Income from Agency Services*

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.28.2.5 *Other Tariffs*

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.28.2.6 *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.28.2.7 *Deferred payment*

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.29 **BORROWING COSTS**

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.30 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.34 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.35 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.36 RELATED PARTIES

The Municipality regards a related party as a person or an entity with the ability to control the Municipality either individually or jointly, or the ability to exercise significant influence over the Municipality, or vice versa.

Management is regarded as a related party and comprises the Councillors, Executive Mayor, Deputy Mayor, Speaker, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

1.37 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.37.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.37.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

1.37.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.37.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.37.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.37.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.37.7 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.37.8 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

THE WATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

2

CASH AND CASH EQUIVALENTS

Bank Accounts	23 234 967	26 279 841
Call Investment Deposits	40 655 244	38 033 259
Cash Floats	10 350	10 350

Total	63 900 561	64 323 450
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Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Unspent Conditional Grants	17 097 285	9 127 652
Unspent Public Contributions	421 637	306 005
Capital Replacement Reserve	12 425 354	13 385 570
Working Capital Requirements	33 956 286	41 504 223

Total Cash and Cash Equivalents	63 900 561	64 323 450
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Bank Accounts

ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)	23 234 967	26 279 841
ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)	-	-
ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)	-	-

Total	23 234 967	26 279 841
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ABSA Bank Limited - Account Number 40-5786-6237 (Primary Bank Account)

Cash book balance at beginning of year	26 279 841	17 743 217
Cash book balance at end of year	23 234 967	26 279 841
Bank statement balance at beginning of year	60 434 220	10 871 548
Bank statement balance at end of year	22 993 423	60 434 220

The Municipality has one guarantee of R15 000 in the name of the beneficiary, Eskom.

ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Income account is cleared daily to Primary Bank Account.

ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Traffic account is cleared daily to Primary Bank Account.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

2 CASH AND CASH EQUIVALENTS (CONTINUED)

Call Investment Deposits

Call investment deposits consist out of the following accounts:

Interneuron Capital Ltd	- Notice deposit	- Account number CA 002	430 224	430 224
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5651	11 176 363	10 449 831
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5415	22 834 800	21 350 398
ABSA Bank Limited	- Notice deposit	- Account number 90-9522-5460	6 644 081	6 233 030
			41 085 468	38 463 483
Less: Provision for Impairment			(430 224)	(430 224)
Total			40 655 244	38 033 259

An amount of R 430 224 (2017: R 430 224), included in Call Investment Deposits above, is invested in an institution which is under curatorship. The curators are encashing property developments financed by the investment company before distribution of funds will continue, however it is expected significant capital losses will be incurred. The dates of any possible future cashflows are not known at the reporting date and the full amount has been impaired due to the uncertainty of collectability.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

Electricity
Water
Refuse
Sewerage
Other

156 581 044

130 937 638

8 113 594
44 168 633
36 472 345
33 040 250
34 786 223

6 866 820
36 635 667
31 967 921
29 526 723
25 940 508

Other Receivables

Prepayments

3 324 464

2 630 892

Total Gross Balance

159 905 508

133 568 530

Less: Allowance for Debt Impairment

(126 298 825)

(105 896 302)

Total Net Receivable

33 606 683

27 672 228

As previously reported

22 168 670

Correction of error restatement - note 50.1

5 503 558

Restated balance

27 672 228

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	105 896 302	90 450 330
Movement in the contribution to the provision	41 243 198	29 324 394
Bad Debts Written off	(22 620 693)	(13 458 813)
Transfer to long-term receivables	1 780 018	(419 610)
Balance at the end of the year	126 298 825	105 896 302

The Allowance for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2018			
Service Receivables			
Electricity	8 113 594	(1 864 826)	6 248 768
Water	44 168 633	(33 013 334)	11 155 298
Refuse	36 472 345	(32 874 775)	3 597 570
Sewerage	33 040 250	(26 617 464)	6 422 786
Other	34 786 223	(31 928 426)	2 857 797
Other Receivables			
Prepayments	3 324 465	-	3 324 465
Total	159 905 509	(126 298 825)	33 606 683
30 June 2017			
Service Receivables			
Electricity	6 866 820	(1 315 710)	5 551 110
Water	36 635 667	(25 968 192)	10 667 475
Refuse	31 967 921	(28 665 901)	3 302 021
Sewerage	29 526 723	(24 005 992)	5 520 731
Other	25 940 508	(25 940 508)	-
Other Receivables			
Prepayments	2 630 892	-	2 630 892
Total	133 568 530	(105 896 302)	27 672 228
Ageing of Receivables from Exchange Transactions			
Electricity			
Current (0 - 30 days)		5 253 743	5 089 146
1 to 3 months		1 767 716	1 089 436
Longer than 3 months		1 092 135	688 238
Total		8 113 594	6 866 820
Water			
Current (0 - 30 days)		8 985 489	9 292 321
1 to 3 months		6 545 420	2 837 384
Longer than 3 months		28 637 723	24 505 961
Total		44 168 633	36 635 667
Refuse			
Current (0 - 30 days)		2 690 812	2 342 418
1 to 3 months		4 195 263	2 470 856
Longer than 3 months		29 586 270	27 154 647
Total		36 472 345	31 967 921
Sewerage			
Current (0 - 30 days)		4 939 263	4 870 932
1 to 3 months		4 252 267	2 028 213
Longer than 3 months		23 848 720	22 627 578
Total		33 040 250	29 526 723
Other			
Current (0 - 30 days)		1 868 149	725 056
1 to 3 months		3 893 364	1 792 321
Longer than 3 months		29 024 710	23 423 130
Total		34 786 223	25 940 508
Summary Ageing of all Receivables from Exchange Transactions			
Current (0 - 30 days)		23 737 457	22 319 873
1 to 3 months		20 654 030	10 218 210
Longer than 3 months		112 189 557	98 399 555
Total		156 581 044	130 937 638

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

4

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates

35 959 273

32 171 826

Other Receivables

56 064 635

36 518 806

Unpaid Traffic Fines

55 105 850

35 579 345

Suspense Debtors

958 785

939 461

Total Gross Balance

92 023 908

68 690 632

Less: Allowance for Debt Impairment

(75 791 728)

(54 480 060)

Total Net Receivable

16 232 180

14 210 572

As previously reported

19 714 130

Correction of error restatement - note 50.1

(5 503 558)

Restated balance

14 210 572

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

54 480 060

49 266 807

Movement in the contribution to the provision

42 072 859

32 463 771

Bad Debts Written off

(21 708 025)

(27 251 189)

Transfer to long-term receivables

946 834

671

Balance at the end of the year

75 791 728

54 480 060

The Allowance for impairment of receivables has been made for all consumer balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2018			
Service Receivables			
Property Rates	35 959 273	(27 446 085)	8 513 188
Other Receivables			
Unpaid Traffic Fines	55 105 850	(48 345 642)	6 760 207
Suspense Debtors	958 785	-	958 785
Total	92 023 908	(75 791 728)	16 232 180
30 June 2017			
Service Receivables			
Property Rates	32 171 826	(24 643 756)	7 528 069
Other Receivables			
Unpaid Traffic Fines	35 579 345	(29 836 303)	5 743 042
Suspense Debtors	939 461	-	939 461
Total	68 690 632	(54 480 060)	14 210 572

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Non-Exchange Transactions

Property Rates

Current (0 - 30 days)	6 135 822	5 753 901
1 to 3 months	4 846 376	2 287 528
Longer than 3 months	24 977 075	24 130 396
Total	35 959 273	32 171 826

5 UNPAID CONDITIONAL GOVERNMENT GRANTS

National Government Grants	4 625 423	-
Provincial Government Grants	-	34 710
Other Grant Providers	-	152 765
Total	4 625 423	187 475

Detail reconciliations of all grants received and grant conditions met are included in note 26.

6 TAXES

VAT Receivable	8 326 291	2 702 895
VAT Payable prior to Allowance for Debt Impairment	(3 432 300)	(7 713 070)
Less: VAT on Allowance for Debt Impairment	11 758 591	10 415 965
Total	8 326 291	2 702 895

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	10 415 965	8 927 834
Debt Impairment for current year	1 342 625	1 488 132
Balance at the end of the year	11 758 591	10 415 965

7 OPERATING LEASES

7.1 OPERATING LEASE ASSET

Operating Lease Asset	533 076	539 922
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The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

Balance at the beginning of the year	539 922	540 944
Movement during the year	(6 846)	(1 022)
Balance at the end of the year	533 076	539 922

The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	609 027	784 740
Between 1 and 5 Years	913 867	1 425 078
After 5 Years	1 770 384	1 868 199
Total operating lease payments	3 293 277	4 078 016

The prior year's total lease payments indicated an amount of R4 781 987. This amount has been restated to R4 078 016 due to minor calculation errors, duplications and omissions.

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The Municipality leases a number of land and buildings for periods ranging from 2 to 99 years with escalations of between 1% and 12% per annum.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

THE WATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

8

LONG-TERM RECEIVABLES

Receivables with repayment arrangements	23 911	5 828 755
Individual Housing Loans	2 847	4 208
Sub-Total	26 759	5 832 963
Less: Current portion of Long-term Receivables	(14 744)	(3 103 264)
Receivables with repayment arrangements	(13 384)	(3 101 903)
Individual Housing Loans	(1 361)	(1 361)
Total Gross Balance	12 014	2 729 699
Less: Allowance for Debt Impairment	-	(2 726 852)
Total	12 014	2 847

Receivables with repayment arrangements

Debtors amounting to R23 911 (2017 - R5 828 755) have arranged to settle their account over an re-negotiated period. Total payments to the value of R13 174 (2017 - R2 726 852) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Individual Housing Loans

Housing loans are not currently granted to officials of the Municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2020.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	2 726 852	2 307 913
Transfer from Receivables from Exchange Transactions	(1 780 018)	419 610
Transfer from Receivables from Non-Exchange Transactions	(946 834)	(671)
Balance at the end of the year	-	2 726 852

The allowance for impairment of long-term receivables has been made for all consumer balances subject to repayment arrangements, due to the low level of repayment.

9

INVENTORY

Maintenance Materials	5 386 995	4 574 662
Water	553 727	488 413
Total	5 940 722	5 063 075

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	27 020	17 910
Inventory recognised as an expense during the year	10 907 288	8 716 208

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

10

INVESTMENT PROPERTY

Investment Property - Carrying Value

66 447 569

66 767 306

The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value

66 767 306

67 514 279

Cost

71 328 936

72 144 156

Accumulated Depreciation

(630 274)

(569 202)

Accumulated Impairment

(3 931 356)

(4 060 675)

Disposals

(258 882)

(685 901)

Cost

(258 882)

(815 220)

Accumulated Depreciation

-

-

Accumulated Impairment

-

129 319

Depreciation

(60 855)

(61 072)

Closing Carrying Value

66 447 569

66 767 306

Cost

71 070 054

71 328 936

Accumulated Depreciation

(691 129)

(630 274)

Accumulated Impairment

(3 931 356)

(3 931 356)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Investment Property or for repairs, maintenance or enhancements.

Revenue derived from the rental of Investment Property

1 587 216

1 413 713

Repairs and maintenance incurred on Investment Properties

Revenue generating properties

-

169 676

Non-revenue generating properties

-

-

Total Repairs and Maintenance

-

169 676

11

PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2018				
Land and Buildings	104 706 771	(4 297 980)	(5 595 547)	94 813 244
Infrastructure	762 974 592	(128 635 908)	-	634 338 685
Community Assets	763 623	(407 223)	-	356 401
Leased Assets	564 037	(484 304)	-	79 733
Other Assets	54 739 318	(18 064 310)	-	36 675 008
Total	923 748 341	(151 889 724)	(5 595 547)	766 263 070
30 June 2017				
Land and Buildings	104 964 993	(3 731 467)	(5 245 710)	95 987 816
Infrastructure	682 853 845	(113 622 678)	-	569 231 167
Community Assets	763 623	(383 843)	-	379 780
Leased Assets	572 037	(411 794)	-	160 243
Other Assets	50 623 577	(15 843 808)	-	34 779 770
Total	839 778 075	(133 993 590)	(5 245 710)	700 538 775
As previously reported				706 154 304
Correction of error restatement - note 50.2				(5 615 529)
Restated balance				700 538 775

The leased property, plant and equipment and the buildings are secured as set out in note 16.

Repairs and maintenance pertaining to Property, Plant and Equipment is disclosed in note 42.

The reconciliation of the carrying value of Property, Plant and Equipment is disclosed on the following page:

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value

30 June 2018

	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	104 964 993	547 213	(895 435)	90 000	-	104 706 771	8 977 177	566 513	349 837	-	9 893 527	94 813 244
Land	41 089 609	-	(895 435)	90 000	-	40 284 175	5 245 710	-	-	-	5 245 710	35 038 465
Buildings	60 411 379	-	-	-	1 697 193	62 108 572	3 731 467	566 513	349 837	-	4 647 817	57 460 755
Work in progress	3 464 005	547 213	-	-	(1 697 193)	2 314 025	-	-	-	-	-	2 314 025
Infrastructure	682 853 845	80 120 748	-	-	-	762 974 592	113 622 678	15 013 230	-	-	128 635 908	634 338 685
Roads and Storm water	202 192 659	-	-	-	8 092 433	210 285 092	47 884 992	5 515 281	-	-	53 400 273	156 884 819
Electricity Network	81 520 182	-	-	-	14 182 552	95 702 734	13 538 073	1 843 485	-	-	15 381 558	80 321 176
Sewerage Network	179 179 434	-	-	-	10 096 143	189 275 577	22 702 992	4 399 732	-	-	27 102 725	162 172 853
Water Network	141 988 651	-	-	-	24 569 054	166 557 705	29 299 280	3 083 296	-	-	32 382 576	134 175 129
Refuse Removal	5 966 816	-	-	-	-	5 966 816	197 341	171 435	-	-	368 776	5 598 039
Work in progress	72 006 103	80 120 748	-	-	(56 940 182)	95 186 669	-	-	-	-	-	95 186 669
Community Assets	763 623	-	-	-	-	763 623	383 843	23 379	-	-	407 223	356 400
Parks and Gardens	561 924	-	-	-	-	561 924	182 144	23 379	-	-	205 524	356 400
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	201 699	-
Leased Assets	572 037	-	(8 000)	-	-	564 037	411 794	80 155	-	(7 645)	484 304	79 733
Office Equipment	572 037	-	(8 000)	-	-	564 037	411 794	80 155	-	(7 645)	484 304	79 733
Other Assets	50 623 577	6 274 273	(2 340 289)	181 756	-	54 739 318	15 843 808	3 061 538	-	(841 036)	18 064 310	36 675 008
Vehicles	4 817 147	161 300	(269 304)	-	-	4 709 144	1 191 296	322 670	-	(39 233)	1 474 734	3 234 410
Tools & Equipment	8 919 717	819 685	(1 210 183)	-	-	8 529 220	3 939 502	595 767	-	(559 566)	3 975 703	4 553 517
Furniture	2 243 701	124 944	(50 829)	-	-	2 317 817	867 097	159 489	-	(21 223)	1 005 363	1 312 454
Special Vehicles	24 665 127	4 210 106	(605 850)	-	-	28 269 382	5 924 237	1 237 015	-	(145 662)	7 015 589	21 253 793
Tables	521 603	-	(8 437)	-	-	513 166	235 687	26 357	-	(3 183)	258 861	254 305
Chairs	1 025 216	-	(24 438)	-	-	1 000 779	422 551	60 920	-	(14 668)	468 802	531 976
Office Equipment	2 992 707	386 460	(77 598)	5 900	-	3 307 469	1 450 806	201 023	-	(25 516)	1 626 313	1 681 156
Computer Hardware	5 100 959	571 778	(47 143)	175 856	-	5 801 450	1 708 378	438 194	-	(24 290)	2 122 281	3 679 169
Other	337 401	-	(46 508)	-	-	290 892	104 254	20 105	-	(7 695)	116 664	174 228
	839 778 075	86 942 234	(3 243 724)	271 756	-	923 748 341	139 239 300	18 744 815	349 837	(848 681)	157 485 271	766 263 070

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Carrying Value

30 June 2017

	Cost						Accumulated Depreciation and Impairment					Carrying Value (Restated)
	Opening Balance	Additions	Disposals	Transfer of Assets	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	103 114 711	1 850 282	-	-	-	104 964 993	8 373 063	604 114	-	-	8 977 177	95 987 816
Land	41 089 609	-	-	-	-	41 089 609	5 245 710	-	-	-	5 245 710	35 843 899
Buildings	60 411 379	-	-	-	-	60 411 379	3 127 353	604 114	-	-	3 731 467	56 679 912
Work in progress	1 613 723	1 850 282	-	-	-	3 464 005	-	-	-	-	-	3 464 005
Infrastructure	625 897 034	56 956 810	-	-	-	682 853 845	96 824 019	16 798 659	-	-	113 622 678	569 231 167
Roads and Storm water	126 911 151	-	-	-	75 281 508	202 192 659	39 763 360	8 121 631	-	-	47 884 992	154 307 668
Electricity Network	66 887 875	-	-	-	14 632 307	81 520 182	11 887 857	1 650 216	-	-	13 538 073	67 982 109
Sewerage Network	139 533 241	-	-	-	39 646 193	179 179 434	18 791 866	3 911 127	-	-	22 702 992	156 476 442
Water Network	127 866 524	-	-	-	14 122 127	141 988 651	26 209 600	3 089 680	-	-	29 299 280	112 689 372
Refuse Removal	383 782	-	-	-	5 583 033	5 966 816	171 337	26 004	-	-	197 341	5 769 475
Work in progress	164 314 460	56 956 810	-	-	(149 265 168)	72 006 103	-	-	-	-	-	72 006 103
Community Assets	763 623	-	-	-	-	763 623	290 694	93 149	-	-	383 843	379 780
Parks and Gardens	561 924	-	-	-	-	561 924	156 231	25 913	-	-	182 144	379 779
Cemeteries	201 699	-	-	-	-	201 699	134 463	67 236	-	-	201 699	0
Lease Assets	581 077	-	(9 040)	-	-	572 037	245 080	172 105	-	(5 391)	411 794	160 243
Office Equipment	581 077	-	(9 040)	-	-	572 037	245 080	172 105	-	(5 391)	411 794	160 243
Other Assets	48 070 322	4 203 341	(1 797 134)	147 049	-	50 623 577	14 360 480	2 358 317	-	(874 990)	15 843 808	34 779 770
Vehicles	4 440 640	376 507	-	-	-	4 817 147	950 327	240 970	-	-	1 191 296	3 625 851
Tools & Equipment	8 923 227	841 043	(844 554)	-	-	8 919 717	3 840 254	548 511	-	(449 262)	3 939 502	4 980 214
Furniture	1 957 887	305 846	(20 032)	-	-	2 243 701	755 599	117 297	-	(5 800)	867 097	1 376 604
Special Vehicles	23 284 713	1 409 151	(175 787)	147 049	-	24 665 127	5 177 513	806 252	-	(59 528)	5 924 237	18 740 890
Tables	548 952	15 338	(42 688)	-	-	521 603	216 665	29 483	-	(10 462)	235 687	285 916
Chairs	997 041	107 806	(79 631)	-	-	1 025 216	389 477	58 315	-	(25 241)	422 551	602 665
Office Equipment	2 790 913	282 716	(80 923)	-	-	2 992 707	1 265 825	230 067	-	(45 086)	1 450 806	1 541 901
Computer Hardware	4 760 264	864 933	(524 238)	-	-	5 100 959	1 672 554	304 867	-	(269 044)	1 708 378	3 392 581
Other	366 683	-	(29 283)	-	-	337 401	92 267	22 554	-	(10 567)	104 254	233 146
	778 426 768	63 010 433	(1 806 174)	147 049	-	839 778 075	120 093 337	20 026 344	-	(880 381)	139 239 300	700 538 775

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

12 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

1 243 880

1 406 277

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

1 406 277

1 630 650

Cost

2 242 407

2 242 407

Accumulated Depreciation

(836 131)

(611 758)

Accumulated Impairment

-

-

Additions

-

-

Amortisation

(162 397)

(224 373)

Disposal

-

-

Cost

-

-

Accumulated Depreciation

-

-

Closing Carrying Value

1 243 880

1 406 277

Cost

2 242 407

2 242 407

Accumulated Depreciation

(998 528)

(836 131)

Accumulated Impairment

-

-

The following material intangible assets are included in the carrying value above

Description

Remaining amortisation period

Carrying Value

Computer software/licenses

2 - 10 years

1 243 880

1 406 277

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

13 HERITAGE ASSETS

The Municipality has four registered Heritage Assets, however, the principal usage of the assets is that of service delivery and is therefore recognised in Property, Plant and Equipment. The assets are as follows:

Erf 614, Caledon - Utilised as the Town Hall

720 902

720 902

Erven 12 and 14 - Villiersdorp - Utilised as a Restaurant.

290 500

290 500

Bridge at Meul Street, Caledon

14

14

Bridge at Farm 39, Genadendal

163

163

Total carrying value included under Property, Plant and Equipment

1 011 579

1 011 579

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

14 CAPITALISED RESTORATION COSTS

Capitalised Restoration Cost - Carrying Value

	6 579 598	9 227 092
As previously reported		9 227 092
Correction of error restatement - note 50.3		-
Restated balance		9 227 092

The movement in capitalised restoration cost is reconciled as follows:

Opening Carrying Value

	9 227 092	17 898 198
Cost	39 797 722	39 966 322
Accumulated Depreciation	(23 236 939)	(14 711 832)
Accumulated Impairments	(7 333 691)	(7 356 292)
Additions	2 156 302	423
Disposals	-	(169 022)
Depreciation	(4 613 546)	(8 525 107)
Reversal of Impairments / (Impairments)	(190 250)	22 601

Closing Carrying Value

	6 579 598	9 227 092
Cost	41 954 024	39 797 722
Accumulated Depreciation	(27 850 485)	(23 236 939)
Accumulated Impairments	(7 523 941)	(7 333 691)

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

Although this item is accounted for under the Property Plant and Equipment Standard (GRAP 17), the characteristics and nature of this item does not resemble that of normal PPE (such as the tangible nature of assets normally associated with PPE). Based on the aforementioned and in line with the requirements of GRAP 1, Capitalised Restoration Cost is disclosed as a separate item on the face of the Statement of Financial Position.

Refer to note 23 for more detail relating to this asset financed by way of a provision.

15 NON-CURRENT INVESTMENTS

Listed shares	216 096	199 843
Fixed Deposits	12 352 710	11 445 224
Total	12 568 806	11 645 067

Listed shares

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

Listed investments comprise of the following:

Sanlam - Shares Investment	216 096	199 843
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Fixed Deposits

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates of 10.22% per annum.

Fixed deposits consist out of the following:

Standard Bank - Account number 088907139005 - 5 year investment	12 352 710	11 445 224
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The above-mentioned fixed deposit is ring-fenced for the repayment of stock loans as per note 16.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

16

LONG-TERM LIABILITIES

	2018	2017
Annuity Loans	70 176 818	78 215 444
Finance Lease Liabilities	-	150 655
Stock Loans	17 022 971	17 022 971
Sub-Total	87 199 789	95 389 070
Less: Current portion of Long-term Liabilities	7 454 200	8 188 718
Annuity Loans	7 454 200	8 038 062
Finance Lease Liabilities	-	150 655
Stock Loans	-	-
Total	79 745 589	87 200 353
Long-term Liabilities were utilised as follow:		
Total Long-term Liabilities taken up	87 199 789	95 389 070
Used to finance Property, Plant and Equipment at cost	(87 199 789)	(95 389 070)
Unspent Borrowings	-	-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 10 & 20 year (Loan No. 102807/1)	10.74%	30/06/2028	6 420 224	7 264 670
DBSA BANK - 10 & 20 year (Loan No. 103108/1)	11.44%	30/09/2028	7 562 393	8 000 003
ABSA BANK - 11 year (10858/1 (Electricity, Water, Sewerage))	11.14%	31/12/2018	109 276	307 404
ABSA BANK - 11 year (10858/2 (Sewerage))	11.14%	31/12/2018	16 707	46 997
DBSA BANK - 20 year (13343(Electricity))	16.50%	31/12/2019	45 167	69 836
DBSA BANK - 20 year (13705/102 (Electricity))	15.75%	30/06/2020	27 719	38 728
DBSA BANK - 20 year (103313.1)	9.85%	31/03/2029	17 180 627	18 019 067
DBSA BANK - 15 year (103313.2)	9.97%	31/03/2024	3 742 635	4 180 400
DBSA BANK - 10 year (103313.3)	10.00%	31/03/2019	159 045	303 349
STANDARD BANK - 7 year (72480009)	11.67%	31/07/2017	-	100 987
STANDARD BANK - 10 year (72479981)	11.72%	31/07/2020	1 097 282	1 455 868
DBSA BANK - 20 year (103817/3)	11.06%	31/12/2030	9 442 617	9 782 216
STANDARD BANK- 15 year (272400572)	12.22%	30/06/2026	6 055 663	6 483 900
ABSA BANK - 7 year (406885872)	10.45%	30/06/2018	-	570 037
ABSA BANK - 15 year (40-7908-8994)	10.79%	27/06/2027	9 086 656	9 662 653
ABSA BANK - 7 year (40-7908-9071)	9.42%	27/06/2019	1 555 326	2 973 877
ABSA BANK - 7 year (8259-8788)	8.25%	27/06/2019	68 962	132 568
ABSA BANK - 7 year (8259-9091)	8.25%	27/06/2019	17 764	34 148
ABSA BANK - 7 year (8259-9741)	8.25%	27/06/2019	109 593	210 675
ABSA BANK - 7 year (387230962)	10.09%	21/06/2021	1 540 682	1 961 176
ABSA BANK - 10 year (387230963)	10.63%	27/06/2024	5 938 480	6 616 885
Total			70 176 818	78 215 444

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	14 680 101	16 084 314
Payable within two to five years	47 153 240	50 552 229
Payable after five years	50 301 426	61 582 537
Total amount payable	112 134 766	128 219 080
Less: Outstanding Future Finance Charges	(41 957 948)	(50 003 636)
Present value of annuity loans	70 176 818	78 215 444

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

16 LONG-TERM LIABILITIES (CONTINUED)

Finance Lease Liabilities

Finance Lease Liabilities, disclosed at amortised cost, consist out of the following agreements:

Description	Effective Interest rate	Maturity Date	Carrying Value of Liability	
30 Laptops	23%	30/06/2018	-	150 655
Total			-	150 655

Finance Leases Liabilities are secured by Property, Plant and Equipment - refer to note 11.

Leased assets remain the property of the lessor after maturity and new lease contracts are negotiated to replace lapsed contracts.

Finance Lease Liabilities are payable as follows:

Payable within one year	-	185 400
Payable within two to five years	-	-
Payable after five years	-	-
Total amount payable	-	185 400
Less: Outstanding Future Finance Charges	-	(34 745)
Present value of finance lease liabilities	-	150 655

Stock Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 20 year (Loan No. 102275/4&5)	9%	31/03/2027	10 022 971	10 022 971
DBSA BANK - 20 year (Loan No. 101487/1 Electricity)	9%	31/12/2024	6 873 758	6 873 758
DBSA BANK (Loan No. 101487/4 Admin/Corp/Refuse)	10%	31/12/2019	126 242	126 242
Total			17 022 971	17 022 971

The fixed deposit as per note 15 serves as security for the stock loans.

Stock loans are payable as follows:

Payable within one year	1 598 596	1 598 362
Payable within two to five years	8 462 064	8 706 078
Payable after five years	18 474 906	19 829 488
Total amount payable	28 535 567	30 133 929
Less: Outstanding Future Finance Charges	(11 512 596)	(13 110 958)
Present value of annuity loans	17 022 971	17 022 971

17 CONSUMER DEPOSITS

Water and Electricity Deposits	4 707 519	4 704 759
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The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

18 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	23 257 481	23 136 281
Retentions	8 236 802	6 584 267
Payments Received in Advance	4 772 375	6 043 439
Unused Pre-paid Electricity	853 027	885 688
Sundry Deposits	2 904 292	1 034 163
Accrued Interest	1 018 849	1 123 205
Land Sales Deposits	404 144	301 799
Total	41 446 969	39 108 842

Payables are being recognised net of any discounts received.

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

19 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	1 303 675	1 551 006
Provincial Government	15 519 678	7 342 468
Other Grant Providers	273 932	234 178
Total	17 097 285	9 127 652
As previously reported		9 824 512
Correction of error restatement - note 50.4		(696 860)
Restated balance		9 127 652

Detail reconciliations of all grants received and grant conditions met are included in note 26.

Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

20 UNSPENT PUBLIC CONTRIBUTIONS

Hogeschool van Arnhem en Nijmegen (HAN)	421 637	143 847
Industrial Development Corporation (IDC)	-	162 158
Total	421 637	306 005

Detail reconciliations of all public contributions received are included in note 28. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

21

CURRENT EMPLOYEE BENEFITS

Bonuses	4 484 454	4 030 661
Staff Leave	12 723 890	11 544 398
Performance Bonuses	715 325	1 062 639
Pension	23 545	31 333
Group Insurance	216 096	199 843
Overtime	720 591	467 232
Current portion of Non-Current Employee Benefits - note 22	1 932 417	2 358 409
Post Retirement Medical Benefits	1 264 269	1 340 415
Long Service Awards	668 148	1 017 994
Total	20 816 318	19 694 515

The movement in current employee benefits are reconciled as follows:

Bonuses

Opening Balance	4 030 661	3 659 825
Contribution during the year	9 285 637	8 066 314
Payments made	(8 831 844)	(7 695 478)
Balance at the end of the year	4 484 454	4 030 661

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

Staff Leave

Opening Balance	11 544 398	10 773 371
Contribution during the year	1 863 662	2 026 453
Payments made	(684 170)	(1 255 426)
Balance at the end of the year	12 723 890	11 544 398

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Performance Bonuses

Opening Balance	1 062 639	965 950
Contribution during the year	267 451	209 354
Payments made	(614 765)	(112 665)
Balance at the end of the year	715 325	1 062 639

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the Council. There is no possibility of reimbursement.

Pension

Opening Balance	31 333	34 904
Payments made	(7 788)	(3 571)
Balance at the end of the year	23 545	31 333

Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

21 CURRENT EMPLOYEE BENEFITS (CONTINUED)

Group Insurance

Opening Balance	199 843	185 904
Fair Value adjustment during the year	16 253	13 939
Balance at the end of the year	216 096	199 843

Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. The possibility of reimbursement is being investigated.

Overtime

Balance at beginning of year	467 232	366 938
Contribution during the year	720 591	467 232
Payments made	(467 232)	(366 938)
Balance at end of year	720 591	467 232

Overtime for staff worked in current financial year, but paid in next financial year.

22 EMPLOYEE BENEFITS

Post Retirement Medical Benefits	44 815 773	43 058 819
Long Service Awards	7 194 517	6 696 850
Sub-Total	52 010 290	49 755 669
Less: Current portion of Employee Benefits	1 932 417	2 358 409
Post Retirement Medical Benefits	1 264 269	1 340 415
Long Service Awards	668 148	1 017 994
Total	50 077 873	47 397 260

22.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	43 058 819	43 501 894
Contribution during the year	6 915 551	6 749 843
Current Service Cost	2 795 800	2 699 758
Interest Cost	4 119 751	4 050 085
Payments made	(1 433 017)	(1 393 951)
Actuarial Loss/(Gain)	(3 725 580)	(5 798 967)
Total balance at year-end	44 815 773	43 058 819
Less: Current portion	(1 264 269)	(1 340 415)
Total	43 551 504	41 718 404

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	217	193
In-service non-members	416	427
Continuation members	33	37
Total	666	657

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

22 EMPLOYEE BENEFITS (CONTINUED)

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2018	24 701 971	5 513 647	14 600 172	44 815 790
30 June 2017	21 131 224	5 113 005	16 814 590	43 058 819
30 June 2016	19 996 232	5 562 422	17 943 240	43 501 894
30 June 2015	21 438 559	5 273 310	17 770 674	44 482 543
30 June 2014	17 485 290	5 010 454	16 875 163	39 370 907

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	(873 000)	-
30 June 2017	(1 098 000)	-
30 June 2016	(1 351 000)	-
30 June 2015	(68 000)	-
30 June 2014	2 747 000	-

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.62%	9.72%
Health Care Cost Inflation Rate	7.43%	8.00%
Net Effective Discount Rate	2.06%	1.59%
Maximum Subsidy Inflation Rate	5.20%	5.63%
Net Discount Rate for Capped Subsidies	4.22%	3.87%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

A discount rate of 9.64% per annum has been used. The corresponding index-linked yield at this term is 3.03%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 29 June 2018.

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 4 August 2018.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Liability at year-end

Assumption	In-service members (R)	Continuation members (R)	Total liability (R)	% change
Liability	30 215 618	14 600 172	44 815 790	
Health care inflation (+ 1%)	32 250 000	15 168 000	47 418 000	6%
Health care inflation (- 1%)	27 263 000	13 880 000	41 143 000	-8%
Discount rate (+ 1%)	25 410 000	13 474 000	38 884 000	-13%
Discount rate (- 1%)	36 348 000	15 900 000	52 248 000	17%
Post-retirement mortality (- 1 year)	30 932 000	15 104 000	46 036 000	3%
Average retirement age (- 1 year)	33 249 000	14 600 000	47 849 000	7%
Continuation of membership after retirement (- 10%)	24 193 000	14 600 000	38 793 000	-13%

Sensitivity Analysis - Future Service and Interest Cost

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2018/19	3 028 900	4 260 700	7 289 600	
Health care inflation (+ 1%)	3 240 600	4 511 200	7 751 800	6%
Health care inflation (- 1%)	2 702 600	3 906 900	6 609 500	-9%
Discount rate (+ 1%)	2 525 000	4 071 800	6 596 800	-10%
Discount rate (- 1%)	3 677 600	4 460 700	8 138 300	12%
Post-retirement mortality (- 1 year)	3 099 900	4 378 400	7 478 300	3%
Average retirement age (- 1 year)	3 315 400	4 553 100	7 868 500	8%
Continuation of membership after retirement (- 10%)	2 445 000	3 680 100	6 125 100	-16%

22.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	6 696 850	6 299 488
Contribution during the year	1 188 507	1 178 890
Current Service Cost	662 548	668 542
Interest Cost	525 959	510 348
Payments made	(1 059 630)	(630 337)
Actuarial Loss/(Gain)	368 790	(151 191)
Total balance at year-end	7 194 517	6 696 850
Less: Current portion	(668 148)	(1 017 994)
Total	6 526 369	5 678 856

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	633	620
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THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

22 EMPLOYEE BENEFITS (CONTINUED)

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

Unfunded Liability
R

30 June 2018	7 194 517
30 June 2017	6 696 850
30 June 2016	6 299 488
30 June 2015	5 600 712
30 June 2014	4 990 435

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2018	441 022
30 June 2017	218 446
30 June 2016	222 964
30 June 2015	125 780
30 June 2014	(63 677)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	8.63%	8.49%
General Salary Inflation (long-term)	6.22%	6.31%
Net Effective Discount Rate applied to salary-related Long Service Awards	2.27%	2.05%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

The discount rate of 8.63% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the actual term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 2.77%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 29 June 2018.

ii) Last Valuation

The last valuation was performed on 4 August 2018.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General salary inflation (+ 1%)	7 194 517	7 693 000	7%
General salary inflation (- 1%)	7 194 517	6 743 000	-6%
Discount rate (+ 1%)	7 194 517	6 729 000	-6%
Discount rate (- 1%)	7 194 517	7 719 000	7%
Average retirement age (- 2 years)	7 194 517	6 168 000	-14%
Average retirement age (+ 2 years)	7 194 517	8 099 000	13%
Withdrawal rates (- 50%)	7 194 517	8 855 000	23%

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

22 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Current-service and Interest Costs (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2018/19	708 100	592 700	1 300 800	
General salary inflation (+ 1%)	769 200	635 700	1 404 900	8%
General salary inflation (- 1%)	653 600	553 700	1 207 300	-7%
Discount rate (+ 1%)	658 200	616 600	1 274 800	-2%
Discount rate (- 1%)	764 800	563 900	1 328 700	2%
Average retirement age (- 2 years)	618 400	504 100	1 122 500	-14%
Average retirement age (+ 2 years)	787 100	670 400	1 457 500	12%
Withdrawal rates (- 50%)	963 500	735 900	1 699 400	31%

22.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	148 323	147 462
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in an sound financial position with a funding level of 106.1% (30 June 2015 - 102.4%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	16 947 786	15 364 005
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2016 revealed that the fund is in a sound financial position with a funding level of 100.6% (30 June 2015 - 100.4%).

Total	17 096 108	15 511 467
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

22 EMPLOYEE BENEFITS (CONTINUED)

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	34 552	12 068
SALA Pension Fund	146 650	127 802
SAMWU National Provident Fund	2 188 843	2 086 422
IMATU Provident Fund	45 606	41 846
Total	2 415 651	2 268 138

The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

23 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	83 931 240	77 229 586
As previously reported		63 760 420
Correction of error restatement - note 50.3		13 469 166
Total		77 229 586

The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:

Opening Balance	77 229 586	72 811 102
Contribution during the year	6 701 654	4 418 484
Increase/(Decrease) in estimate allocated to Capital Restoration Cost Asset	2 156 302	(168 600)
Increase/(Decrease) in estimate allocated to Statement of Financial Performance	(242 353)	(145 638)
Interest Cost	4 787 705	4 732 722
Expenditure incurred	-	-
Total balance at year-end	83 931 240	77 229 586
Less: Current portion	-	-
Total	83 931 240	77 229 586

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life. The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions	Estimated Decommission Date	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Caledon	58 300 m2	2022	29 307 353	26 721 996
Genadendal	15 240 m2	2023	9 448 816	8 499 377
Greyton	16 000 m2	2023	9 672 572	8 778 206
Riviersonderend	10 720 m2	2022	9 021 875	8 253 698
Villiersdorp	21 110 m2	2021	12 418 815	11 507 141
Botriver	17 536 m2	2020	14 061 810	13 469 167
Total			83 931 240	77 229 586

A retrospective calculation of time value of money, based on an average weighted investment rate of prime less 4%, was used. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

24 RESERVES

Capital Replacement Reserve

12 425 354

13 385 570

The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

25 PROPERTY RATES

Rateable Land and Buildings

98 396 554

85 872 817

Total

98 396 554

85 872 817

Property rate levied are based on the following rateable valuations:

Residential

5 206 211 300

4 596 825 300

Business and Commercial

1 205 349 000

1 299 724 000

Public benefit Organizations

23 825 500

11 572 500

State-owned

366 483 000

383 211 000

Agricultural

7 890 329 750

7 945 069 750

Total Valuation

14 692 198 550

14 236 402 550

Rate that is applicable to the valuations above:

Residential

1.0030 c/R

0.8838 c/R

Commercial

2.2376 c/R

1.9716 c/R

Agricultural

0.2508 c/R

0.2210 c/R

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

A further R85 000 on the valuation are exempt from property rates for all those households earning less than R4 801 per month. (This exemption is also applicable to persons older than 60 with earnings between R4 801 and R6 401 per month).

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

26

GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

77 911 000

69 861 373

77 911 000

69 861 373

Conditional Grants - National Government

41 055 410

32 828 535

Finance Management Grant (FMG)

1 700 000

1 625 000

Municipal Infrastructure Grant (MIG)

27 043 791

23 654 816

Expanded Public Works Programme (EPWP)

1 622 822

1 048 719

Integrated National Electrification Programme (INEP)

7 625 424

6 500 000

Municipal Drought Relieve (MDR)

2 885 764

-

Public Works

177 609

-

Conditional Grants - Provincial Government

27 673 200

28 993 297

Housing

16 440 552

19 234 810

Housing - Title Deeds

240 258

-

CDW Contribution

84 489

122 289

Thusong Multi Purpose Centre

459 704

224 885

Main Roads Subsidy

85 132

117 000

Financial Support Grant

330 000

1 223 860

Library Subsidy

7 499 090

7 950 452

Municipal Capacity Building Grant

363 400

120 000

Local Government Graduate Internship Allocation

40 000

-

Municipal Disaster Recovery (Water Supply Grant)

2 130 575

-

Conditional Grants - Other Grant Providers

494 826

1 973 832

DBSA Local Economic Development

234 178

1 543 505

SETA

260 648

277 562

SANRAL

-

152 765

Economic Development

-

-

Total

147 134 436

133 657 038

As previously reported

132 960 178

Correction of error restatement - note 50.4

696 860

Restated balance

133 657 038

Disclosed as:

Government Grants and Subsidies - Operating

96 988 944

95 241 128

Government Grants and Subsidies - Capital

50 145 492

38 415 910

Total

147 134 436

133 657 038

Grants per Vote (MFMA Sec 123 (c)):

Equitable share

77 911 000

69 861 373

Vote 1 - Budget and treasury office

6 576 376

33 123 676

Vote 2 - Community and social services

7 499 090

7 950 452

Vote 3 - Corporate services

25 720 741

1 326 281

Vote 4 - Electricity

6 688 968

-

Vote 6 - Executive and council

84 489

122 289

Vote 7 - Housing

16 858 419

19 234 810

Vote 8 - Planning and development

693 881

1 768 392

Vote 10 - Road transport

85 132

269 765

Vote 14 - Water

5 016 340

-

Total

147 134 436

133 657 038

The movements per grant can be summarised as follows:

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	77 911 000	69 861 373
Transferred to Revenue - Operating	(77 911 000)	(69 861 373)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.02 Finance Management Grant (FMG)

Opening Unspent Balance	-	476 176
Grants Received	1 700 000	1 148 824
Transferred to Revenue - Operating	(1 700 000)	(1 625 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

26.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	1 549 184	5 048
Grants Received	26 404 685	25 198 952
Transferred to Revenue - Operating	(4 096 520)	(3 744 817)
Transferred to Revenue - Capital	(22 947 271)	(19 909 999)
Other Movements	-	-
Closing Unspent Balance	910 078	1 549 184

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

26.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	1 822	-
Grants Received	1 621 000	1 104 000
Transferred to Revenue - Operating	(1 622 822)	(1 048 719)
Transferred to Revenue - Capital	-	-
Other Movements	-	(53 458)
Closing Unspent Balance	-	1 822

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	247 148
Grants Received	3 000 000	6 252 852
Transferred to Revenue - Operating	(936 456)	(798 000)
Transferred to Revenue - Capital	(6 688 968)	(5 702 000)
Other Movements	4 625 423	-
Closing Unspent Balance	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

26.06 Municipal Drought Relieve (MDR)

Opening Unspent Balance	-	-
Grants Received	3 133 780	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 885 764)	-
Other Movements	-	-
Closing Unspent Balance	248 016	-

The grant will be utilised for boreholes.

26.07 Public Works

Opening Unspent Balance	-	-
Grants Received	323 190	-
Transferred to Revenue - Operating	(23 190)	-
Transferred to Revenue - Capital	(154 419)	-
Other Movements	-	-
Closing Unspent Balance	145 581	-

This grant will utilised for security in Grabouw.

26.08 Housing

Opening Unspent Balance	6 537 963	801 472
Grants Received	17 074 307	24 971 301
Transferred to Revenue - Operating	(1 119 466)	(7 880 900)
Transferred to Revenue - Capital	(15 321 086)	(11 353 910)
Other Movements	-	-
Closing Unspent Balance	7 171 718	6 537 963

Housing grants was utilised for the development of erven and the erection of top structures.

26.09 Housing - Title Deeds

Opening Unspent Balance	-	-
Grants Received	6 656 000	-
Transferred to Revenue - Operating	(240 258)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	6 415 742	-

This grant will be utilised to transfers properties to the respective beneficiaries.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.10 CDW Contribution

Opening Unspent Balance	-	1 245
Grants received	130 000	113 000
Transferred to Revenue - Operating	(84 489)	(122 289)
Transferred to Revenue - Capital	-	-
Other Movements	(8 044)	8 044
Closing Unspent Balance	37 467	-

The CDW Contribution was used to finance the activities of Community Development Workers.

26.11 Thusong Multi Purpose Centre

Opening Unspent Balance	12 705	25 590
Grants received	582 000	212 000
Transferred to Revenue - Operating	(442 295)	(224 885)
Transferred to Revenue - Capital	(17 409)	-
Other Movements	-	-
Closing Unspent Balance	135 001	12 705

The grant is intended to be utilised for the improvement of financial governance.

26.12 Main Roads Subsidy

Opening Unspent Balance	31 800	31 800
Grants received	104 813	117 000
Transferred to Revenue - Operating	(85 132)	(117 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	51 481	31 800

The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centres.

26.13 Financial Support Grant

Opening Unspent Balance	-	1 003 860
Grants received	680 000	220 000
Transferred to Revenue - Operating	(330 000)	(1 223 860)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	350 000	-

The grant is intended to be utilised for the improvement of financial governance.

26.14 Library Subsidy

Opening Unspent Balance	-	388 786
Grants received	7 718 000	7 535 000
Transferred to Revenue - Operating	(7 499 090)	(7 950 452)
Transferred to Revenue - Capital	-	-
Other Movements	(26 666)	26 666
Closing Unspent Balance	192 244	-

The subsidy is utilised for the operational costs of libraries which is a provincial function.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.15 Municipal Capacity Building Grant

Opening Unspent Balance	700 000	500 000
Grants Received	240 000	320 000
Transferred to Revenue - Operating	(363 400)	(120 000)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	576 600	700 000

To develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

26.16 Local Government Graduate Internship Allocation

Opening Unspent Balance	60 000	-
Grants Received	-	60 000
Transferred to Revenue - Operating	(40 000)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	20 000	60 000

This grant will be utilised for the recruitment of interns.

26.17 Municipal Disaster Recovery (Water Supply Grant)

Opening Unspent Balance	-	-
Grants Received	2 700 000	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	(2 130 575)	-
Other Movements	-	-
Closing Unspent Balance	569 425	-

This grant will be utilised for boreholes.

26.18 DBSA Local Economic Development

Opening Unspent Balance	234 178	1 777 683
Grants Received	-	-
Transferred to Revenue - Operating	(234 178)	(93 505)
Transferred to Revenue - Capital	-	(1 450 000)
Other Movements	-	-
Closing Unspent Balance	-	234 178

This grant is utilised for the replacement of bulk sewerage line between Caledon and Myddleton.

26.19 SETA

Opening Unspent Balance	-	-
Grants Received	260 648	277 562
Transferred to Revenue - Operating	(260 648)	(277 562)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	-

This grant is for the training and development of municipal officials.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

26 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

26.20 SANRAL

Opening Unspent Balance	-	-
Grants Received	356 522	-
Transferred to Revenue - Operating	-	(152 765)
Transferred to Revenue - Capital	-	-
Other Movements	(152 765)	152 765
Closing Unspent Balance	203 757	-

This grant will be utilised for the construction of a taxi rank / bus stop in Grabouw.

26.21 Economic Development

Opening Unspent Balance	-	-
Grants Received	70 175	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	70 175	-

This grant will be utilised for local economic development.

26.22 Total Grants

Opening Unspent Balance	9 127 651	5 258 808
Grants Received	150 666 120	137 391 864
Transferred to Revenue - Operating	(96 988 944)	(95 241 128)
Transferred to Revenue - Capital	(50 145 492)	(38 415 910)
Other Movements	4 437 948	134 017
Closing Unspent Balance	17 097 283	9 127 651

27 PUBLIC CONTRIBUTIONS AND DONATIONS

Hogeschool van Arnhem en Nijmegen (HAN)	1 068 023	947 003
Industrial Development Corporation (IDC)	162 158	-
Total	1 230 181	947 003

The movements per grant can be summarised as follows:

27.01 Hogeschool van Arnhem en Nijmegen (HAN)

Opening Unspent Balance	143 847	199 751
Grants Received	1 345 812	891 099
Transferred to Revenue - Operating	(1 068 022)	(947 003)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	421 637	143 847

The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

27 PUBLIC CONTRIBUTIONS AND DONATIONS (CONTINUED)

27.02 Industrial Development Corporation (IDC)

Opening Unspent Balance	162 158	162 158
Grants Received	-	-
Transferred to Revenue - Operating	(162 158)	-
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	-	162 158

The grant is for the promotion of local economic development and tourism.

27.03 Total Public Contributions and donations

Opening Unspent Balance	306 005	361 909
Grants Received	1 345 812	891 099
Transferred to Revenue - Operating	(1 230 180)	(947 003)
Transferred to Revenue - Capital	-	-
Other Movements	-	-
Closing Unspent Balance	421 637	306 005

28 FINES, PENALTIES AND FORFEITS

Overdue Books	21 295	36 736
Retentions	772 991	-
Traffic	47 949 900	30 584 199
Pound Fees	244 619	353 456
Total	48 988 804	30 974 391
As previously reported		30 620 935
Reclassification - note 51.1		353 456
Restated balance		30 974 391

In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year are recognised as revenue.

29 ACTUARIAL GAINS

Post Retirement Medical Benefits	3 725 580	5 798 967
Long Service Awards	-	151 191
Total	3 725 580	5 950 158

30 REVERSAL OF IMPAIRMENTS

Capitalised Restoration Costs	-	22 601
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The impairment was caused by the change in the discount rate which is linked to the prime rate.

31 CONTRIBUTED ASSETS

Property, Plant and Equipment	271 756	147 049
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Contributed Assets were donations received by the Municipality.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
32 SERVICE CHARGES		
Electricity	82 960 048	82 546 091
Water	67 682 341	62 179 026
Refuse Removal	37 097 712	34 473 884
Sewerage and Sanitation	33 923 943	31 706 598
Total Revenue	221 664 044	210 905 599
Less: Rebates	(19 459 117)	(18 095 936)
Electricity	(2 744 337)	(2 448 527)
Water	(3 192 798)	(2 604 137)
Refuse Removal	(7 151 001)	(6 947 368)
Sewerage and Sanitation	(6 370 980)	(6 095 904)
Total	202 204 928	192 809 663
As previously reported		193 926 329
Reclassification - note 51.1		(1 116 666)
Restated balance		192 809 663
Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
33 RENTAL OF FACILITIES AND EQUIPMENT		
Buildings and Commonage	1 587 216	1 413 713
Halls and Sportfields	255 638	244 255
Total	1 842 854	1 657 968
34 AGENCY SERVICES		
Drivers Licences	706 165	667 220
Duplicate Registration	98 671	108 643
Instructor Certificate	2 942	-
Learners	194 795	170 505
License Cards	944 377	444 283
Operators and Public Drivers Permits	175 820	153 760
Roadworthy Applications	259 045	289 807
Roadworthy Certificates	99 473	74 993
Special Permits	30 725	37 351
Temporary Permits	18 861	20 481
Vehicle Licences	2 258 230	2 865 214
Vehicle Registration	568 859	796 326
Total	5 357 963	5 628 583
As previously reported		2 865 214
Reclassification - note 51.1		2 763 369
Restated balance		5 628 583
35 LICENCES AND PERMITS		
Trading	31 176	68 467
Total	31 176	68 467
As previously reported		2 035 510
Reclassification - note 51.1		(1 967 043)
Restated balance		68 467

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
36 OTHER INCOME		
Building Plan Approval	1 759 220	1 755 220
Cemetery and Burial	599 940	589 655
Development Charges	147 367	1 116 666
Photocopies and Faxes	85 836	64 399
Building Plans Clause Levy, Sub-division and Consolidation Fees	590 011	541 233
Escort Fees	51 882	94 736
Sundry Income	1 649 042	1 834 916
Total	4 883 297	5 996 825
As previously reported		5 889 371
Correction of error restatement - note 50.3		140 570
Reclassification - note 51.1		(33 116)
Restated balance		5 996 825
37 EMPLOYEE RELATED COSTS		
Basic Salaries and Wages	114 804 999	103 637 045
Pension and UIF Contributions	20 710 237	18 494 345
Medical Aid Contributions	6 243 445	5 274 151
Overtime	6 725 965	5 505 175
Motor Vehicle Allowance	9 182 704	7 210 024
Housing Allowances	1 277 643	1 474 300
Other benefits and allowances	6 529 617	6 159 295
Other Allowance	1 691 142	1 411 831
Group Life Insurance	1 341 323	1 648 433
Standby Allowance	3 497 151	3 099 031
Contributions to Employee Benefits	14 607 647	13 650 573
Bonuses	9 285 637	8 259 391
Staff Leave	1 863 662	2 022 882
Long Service Awards	662 548	668 542
Post Retirement Medical Benefits	2 795 800	2 699 758
Workmen's Compensation	961 804	932 428
Total	181 044 060	162 337 336
Remuneration of Management Personnel		
Municipal Manager is appointed on a 7-year contract and the Director Technical Services on a 5 year contract. All other Directors are appointed on 10-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract period. Acting allowances are immaterial. The Municipal Manager's post has been vacant since November 2016.		
Municipal Manager - GF Matthyse (appointed March 2018)		
Annual Remuneration	480 374	-
Travelling Allowance	24 000	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	-
Total	504 374	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

37 EMPLOYEE RELATED COSTS (CONTINUED)

Municipal Manager - HSD Wallace (contract expired October 2016)

Annual Remuneration	-	441 717
Travelling Allowance	-	31 410
Contributions to UIF, Medical and Pension Funds	-	10 256
Performance Bonus	195 793	-
Total	195 793	483 383

Director: Corporate Services - J Isaacs (contract expired June 2017)

Annual Remuneration	-	1 403 015
Travelling Allowance	-	25 000
Contributions to UIF, Medical and Pension Funds	-	12 738
Performance Bonus	-	-
Total	-	1 440 753

Director: Development Services - MH Gxoyiya (contract expired January 2017)

Annual Remuneration	-	1 013 890
Travelling Allowance	-	50 000
Contributions to UIF, Medical and Pension Funds	-	13 220
Performance Bonus	141 611	-
Total	141 611	1 077 110

Director: Financial Services - D Louw

Annual Remuneration	818 226	1 206 377
Travelling Allowance	108 000	108 000
Contributions to UIF, Medical and Pension Funds	194 527	27 534
Performance Bonus	138 524	-
Total	1 259 277	1 341 911

Director: Operational Services - J Barnard

Annual Remuneration	1 014 901	1 175 410
Travelling Allowance	62 428	62 428
Contributions to UIF, Medical and Pension Funds	210 381	27 286
Performance Bonus	138 837	-
Total	1 426 547	1 265 124

Director: Technical Services - CW van Heerden (contract expired November 2016)

Annual Remuneration	-	697 848
Travelling Allowance	-	42 000
Contributions to UIF, Medical and Pension Funds	-	14 685
Performance Bonus	141 611	-
Total	141 611	754 533

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
38 REMUNERATION OF COUNCILLORS		
Executive Mayor	888 471	802 606
Deputy Executive Mayor	718 722	587 558
Speaker	691 494	652 133
Mayoral Committee Members	3 221 193	2 986 756
Other Councillors	6 018 908	4 957 639
Total	11 538 787	9 986 691
In-kind Benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and four Mayoral Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.		
Councillors may utilize municipal transportation when engaged in official duties.		
39 DEBT IMPAIRMENT		
Receivables from Exchange Transactions	41 243 198	29 324 394
Receivables from Non-Exchange Transactions	42 072 859	32 463 771
Total Debt Impairment	83 316 058	61 788 165
Movement in VAT included in debt impairment	(1 342 625)	(1 488 132)
Total	81 973 432	60 300 033
40 DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	18 744 815	20 026 344
Capitalised restoration costs	4 613 546	8 525 107
Investment Property	60 855	61 072
Intangible Assets	162 397	224 373
Total	23 581 613	28 836 896
41 IMPAIRMENT		
Property, Plant and Equipment	349 837	-
Capitalised Restoration Costs (PPE)	190 250	-
Total	540 087	-
42 REPAIRS AND MAINTENANCE		
Property, Plant and Equipment	20 647 338	27 200 368
Land and Buildings	5 904 282	6 995 450
Infrastructure	8 854 354	10 956 168
Community Assets	437 710	912 555
Other Assets	5 450 992	8 336 195
Investment Property	-	169 676
Total	20 647 338	27 370 044
43 ACTUARIAL LOSSES		
Post Retirement Medical Benefits	-	-
Long Service Awards	368 790	-
Total	368 790	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

	2018	2017
44 FINANCE CHARGES		
Cash	9 576 269	10 335 889
Long-term Liabilities	9 576 269	10 335 889
Non-cash	9 433 415	9 293 155
Post Retirement Medical Benefits	4 119 751	4 050 085
Long Service Awards	525 959	510 348
Rehabilitation of Landfill Sites	4 787 705	4 732 722
Total	19 009 684	19 629 044
As previously reported		18 798 403
Correction of error restatement - note 50.3		830 641
Restated balance		19 629 044
45 BULK PURCHASES		
Electricity	54 930 226	54 773 794
Water	12 161 256	12 351 866
Total	67 091 482	67 125 660
Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including DWA, Overberg Water and a number of private suppliers.		
46 CONTRACTED SERVICES		
Caledon Solid Waste Site	1 848 922	1 525 617
Computer Services and Licences	5 728 073	3 184 773
Dumping fees (Karwyderskraal)	1 095 651	1 050 748
Valuation Services	1 115 714	505 695
Copier Costs	339 569	330 699
Alien Vegetation Control	550 990	912 554
Business and Financial Management	3 433 824	3 599 978
Electrical Contractors	600 520	752 380
Engineering - Civil	484 825	361 486
Fire Services	1 750 905	1 189 083
Geoinformatic Services	572 780	183 140
Security Services	701 207	708 863
Traffic Fines Management	1 674 748	921 224
Commission Paid (Electricity)	1 442 392	1 446 753
Other Contracted Services	2 346 635	4 409 643
Total	23 686 752	21 082 635
Other Contracted Services consist out of a variety of services, including but not limited to the following:		
<ul style="list-style-type: none"> - Animal Care - Catering Services - Clearing and Grass Cutting - Research and Advisory - Personnel and Labour 		
47 TRANSFERS AND GRANTS		
Indigent Subsidies - Electricity	2 377 804	2 285 090
Total	2 377 804	2 285 090

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

<i>Figures in Rand</i>		2018	2017
48	OTHER EXPENDITURE		
	Advertising, Publicity and Marketing	624 479	686 531
	Audit Fees	2 608 148	2 943 143
	Bank Charges	504 335	414 909
	Fuel Cost	4 565 891	4 657 928
	Insurance	1 364 480	884 894
	Legal advice	938 743	942 940
	Material and protective clothing	1 354 749	1 761 648
	Membership fees	1 902 510	1 675 331
	Operating Grant expenditure (Housing Top Structures)	221 784	7 880 900
	Postage	127 622	150 076
	Printing and stationery	847 784	1 021 746
	Electricity - Escom	5 453 465	7 518 122
	Refuse bags	326 406	559 299
	Skills development levy	1 489 040	1 330 509
	Telephone	810 224	670 168
	Training	571 863	1 204 256
	Travel and subsistence	465 589	788 937
	Water Purification	1 386 146	1 427 724
	Water Tests	607 020	623 360
	Other	4 183 866	3 198 331
	Total	30 354 142	40 340 752
49	GAIN/(LOSS) ON DISPOSAL OF NON-MONETARY ASSETS		
	Proceeds	295 000	1 908 478
	Less: Carrying value of Investment Property disposed	(258 882)	(685 901)
	Less: Carrying value of Property, Plant and Equipment disposed	(2 395 043)	(925 793)
	Less: Carrying value of Intangible Assets disposed	-	-
	Total	(2 358 925)	296 784
50	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
50.1	Receivables from Exchange Transactions		
	Receivables from Exchange Transactions contained the following errors:		
	<ul style="list-style-type: none"> - It was noted that prepayments (R2 630 891) and Industrial Flow (R2 872 666) was incorrectly disclosed as Receivables from Non-exchange Transactions rather than Receivables from Exchange Transactions. 		
	The net effect of the above-mentioned errors were as follow:		
	- Receivables from Exchange Transactions - note 3	Understated	5 503 558
	- Receivables from Non-Exchange Transactions - note 4	Overstated	(5 503 558)
50.2	Property, Plant and Equipment		
	Property, Plant and Equipment contained the following errors:		
	<ul style="list-style-type: none"> - Other Assets (movable assets) amounting to R107 640 previously not included in the asset register were identified during the current years asset verification. - A project which was completed in the prior year was not depreciated. The amount of depreciation not recognised is R5 723 170. 		
	The net effect of the above-mentioned errors were as follow:		
	- Property, Plant and Equipment - note 11	Understated	5 615 529
	- Depreciation and Amortisation - note 40	Overstated	(5 739 691)
	- Accumulated Surplus - note 50.5	Understated	124 162

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

50 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR

50.3 Capitalised Restoration Costs

In the current year management became aware of an unused landfill site in Botrivier. This site has not been in operations for many years and accordingly no provision for the rehabilitation was provided. As this asset was is no longer in use, it was impaired in full.

The net effect of the above-mentioned errors were as follow:

- Capital Restoration Costs - note 14	No effect	-
- Non-current provisions - note 23	Understated	13 469 166
- Other Income - note 36	Understated	140 570
- Finance Charges - note 44	Understated	830 641
- Accumulated Surplus - note 50.5	Overstated	(12 779 095)

50.4 Unspent Conditional Government Grants

Grants revenue amounting to R696 860 pertaining to the Financial Support Grant were not recognised as income in the prior year, although the conditions attached to the grant were met.

The net effect of the above-mentioned errors were as follow:

- Unspent Conditional Government Grants - note 19	Overstated	(696 860)
- Government Grants and Subsidies - note 26	Understated	696 860

50.5 Accumulated Surplus

Property, Plant and Equipment - note 50.2	124 162
Capitalised Restoration Costs - note 50.3	(12 779 095)
Total	<u>(12 654 933)</u>

51 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

51.1 Revenue and Expenditure

The following items were reclassified in order to be aligned to the nature of the revenue.

Item	Previous Classification	Revised Classification	Amount
Pound Fees	Other Income	Fines, Penalties and Forfeits	353 456
Traffic related Licences and Permits	Licences and Permits	Agency Services	1 967 043
Private Jobs and Development Charges	Service Charges	Other Income	1 116 666
Motor Vehicle Registration	Other Income	Agency Services	796 326

The above mentioned reclassifications effected the following line items:

Revenue

- Fines, Penalties and Forfeits	353 456
- Service Charges	(1 116 666)
- Agency Services	2 763 369
- Licences and Permits	(1 967 043)
- Other Income	(33 116)

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

52 NET CASH FROM OPERATING ACTIVITIES

	2018	2017
Net Surplus for the year	69 265 380	43 558 890
Adjusted for:		
Non-cash revenue included in Net Surplus	(4 232 843)	(6 561 208)
Actuarial Gains	(3 725 580)	(5 950 158)
Reversal of Impairments	-	(22 601)
Contributed Assets	(271 756)	(147 049)
Rental of Facilities and Equipment - decrease in operating lease asset	6 846	1 022
Change in Provisions for Restoration of Landfill Site	(242 353)	(145 638)
Gains on disposal of Non-Monetary Assets	-	(296 784)
Non-cash expenditure included in Net Surplus	133 868 205	112 581 676
Employee Related Costs - Contributions towards	15 611 943	14 151 592
Post Retirement Medical Benefits	2 795 800	2 699 758
Long Service Awards	662 548	668 542
Bonuses	9 285 637	8 066 314
Staff Leave	1 863 662	2 026 453
Performance Bonuses	267 451	209 354
Group Insurance	16 253	13 939
Overtime	720 591	467 232
Debt Impairment	81 973 432	60 300 033
Depreciation and Amortisation	23 581 613	28 836 896
Impairment	540 087	-
Actuarial Losses	368 790	-
Finance Charges	9 433 415	9 293 155
Post Retirement Medical Benefits	4 119 751	4 050 085
Long Service Awards	525 959	510 348
Provision for Rehabilitation of Landfill-sites	4 787 705	4 732 722
Gain on disposal of Non-Monetary Assets	2 358 925	-
Cash expenditure not included in Net Surplus	(13 098 446)	(11 458 366)
Post Retirement Medical Benefits	(1 433 017)	(1 393 951)
Long Service Awards	(1 059 630)	(630 337)
Bonuses	(8 831 844)	(7 695 478)
Staff Leave	(684 170)	(1 255 426)
Performance Bonuses	(614 765)	(112 665)
Pension	(7 788)	(3 571)
Overtime	(467 232)	(366 938)
Operating Surplus before changes in working capital	185 802 296	138 120 991
Movement in working capital	(90 467 644)	(61 140 298)
Long-term Receivables	2 704 302	(417 618)
Receivables from Exchange Transactions	(48 957 671)	(38 339 325)
Receivables from Non-Exchange Transactions	(45 041 301)	(21 392 610)
Unpaid Conditional Government Grants	(4 437 948)	(134 017)
Taxes	(4 280 771)	1 629 566
Inventory	(877 647)	676 386
Payables from exchange transactions	2 338 127	(6 975 619)
Unspent Conditional Government Grants	7 969 633	3 868 844
Unspent Public Contributions	115 632	(55 904)
Cash Flow from Operating Activities	95 334 652	76 980 693

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

53 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	23 234 967	26 279 841
Call and Notice Deposits	40 655 244	38 033 259
Cash Floats	10 350	10 350
Total	63 900 561	64 323 450

Refer to note 2 for more details relating to cash and cash equivalents.

54 BUDGET COMPARISONS

54.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats. The following items are affected by these classification differences:

Statement of Financial Position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.

Finance charges pertaining to employee related costs was budget as part of Employee Related Costs, but for GRAP purposes has been disclosed as Finance Charges. For budget comparison purposes, the actual finance charges shall be included as part of Employee Related Costs.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

54.2 Statement of Financial Position

Adjustments to Original Budget

Adjustments to the original budget was mainly to align the amounts with the audit outcomes of 2016/17 and to accommodate any changes to revenue, operating and capital expenditure for the 2017/18 financial year.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

54 BUDGET COMPARISONS (CONTINUED)

Actual Amounts vs Final Budget

Cash and Call Investment Deposits were more than budget due to the underspending of both capital and operating budget.

Property, Plant and Equipment was less than budget due to housing projects not concluded at year-end.

Borrowing was less than budget as no loans were taken up as anticipated in the budget.

Provision and Employee Benefits were more than budget due to the prior year error of the Botrivier landfill site which were not included in the budget.

54.3 Statement of Financial Performance

Adjustments to Original Budget

Transfer and Subsidies - Operational and Capital were increased due to the roll-over application of grants which approved.

Employee Related Costs were decreased due to Director position being vacant.

Contracted Services and Other Expenditure were increased as a result of the roll-over application of grants which was approved.

Actual Amounts vs Final Budget

Service Charges - Water Revenue was more than budget due to the introduction of drought tariffs.

Fines were more than anticipated due to the service provider being in service for the full year and not partially as was the case in the prior year.

Transfer and Subsidies - Operational and Capital were less than budget due to Housing funding not fully received.

Debt Impairment was more than budget due to the excessive amount of fines issued which were not budgeted for.

Other Material, Contracted Services and Other Expenditure were less than budget due to the Housing funding not fully received.

54.4 Cash Flow Statement

Adjustments to Original Budget

Service Charges were decreased in anticipation of the drought and also some consumers leaving the electricity grid.

Government was increased due to additional funding received.

Suppliers and Employees was increase as a result of roll-over grant application approval.

Capital Asset payments were increased as a result of roll-over grant application approval and additional grant funding.

Actual Amounts vs Final Budget

Property rates, penalties & collection charges were more than budget due to aggressive collection strategy implemented.

Service charges were less than budget due to poorer collections on water services as a result of the special levy introduced.

Government was less than budget due to not all funding allocations received.

Suppliers and Employees was less than budget due to grant funding allocations not received.

Capital Asset payments was less than budget due to not all grant funding received.

Borrowings was less than budget as the loans were not taken up during the current year.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

55 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

55.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	-	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting further action	-	-

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2018 (Actual) R	2018 (Final Budget) R	2018 (Unauthorised) R	2017 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Budget and treasury office	53 536 764	54 282 188	-	-
Vote 2 - Community and social services	6 527 324	6 980 831	-	-
Vote 3 - Corporate services	54 789 606	59 785 332	-	-
Vote 4 - Electricity	70 727 301	72 790 742	-	-
Vote 5 - Environmental protection	182	290 243	-	-
Vote 6 - Executive and council	35 870 249	37 858 269	-	-
Vote 7 - Housing	6 457 727	28 814 248	-	-
Vote 8 - Planning and development	11 973 453	12 739 572	-	-
Vote 9 - Public safety	62 942 421	64 633 215	-	-
Vote 10 - Road transport	31 434 335	33 238 037	-	-
Vote 11 - Sport and recreation	8 105 881	9 561 211	-	-
Vote 12 - Waste management	41 984 848	45 379 633	-	-
Vote 13 - Waste water management	31 140 302	32 520 028	-	-
Vote 14 - Water	49 082 507	49 687 470	-	-
Total	464 572 900	508 561 019	-	-
Unauthorised expenditure - Capital				
Vote 1 - Budget and treasury office	18 897	42 300	-	-
Vote 2 - Community and social services	421 142	676 769	-	-
Vote 3 - Corporate services	5 044 856	5 894 257	-	-
Vote 4 - Electricity	14 182 552	15 157 000	-	-
Vote 5 - Environmental protection	-	-	-	-
Vote 6 - Executive and council	1 224 201	1 999 700	-	-
Vote 7 - Housing	14 937 454	37 760 003	-	-
Vote 8 - Planning and development	17 408	35 000	-	-
Vote 9 - Public safety	400 767	1 694 000	-	-
Vote 10 - Road transport	10 464 632	15 047 728	-	-
Vote 11 - Sport and recreation	984 866	1 103 184	-	-
Vote 12 - Waste management	1 290 895	2 660 259	-	-
Vote 13 - Waste water management	12 707 790	19 305 196	-	-
Vote 14 - Water	25 518 528	28 908 911	-	-
Total	87 213 990	130 284 307	-	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

55 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

55.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	-	-
Fruitless and wasteful expenditure incurred	-	8 064
Approved by Council	-	(8 064)
Fruitless and wasteful expenditure awaiting further action	-	-

Details of fruitless and wasteful expenditure incurred

(a) A objector was wrongly informed of his right of appeal, and legal costs were incurred	-	8 064
Total	-	8 064

No disciplinary steps or criminal proceedings were instituted as a result of fruitless and wasteful expenditure incurred.

55.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	-	-
Irregular expenditure incurred in the current year	1 475 664	26 600
Irregular expenditure incurred in the prior year but identified in the current year	17 377 200	47 810
Approved by Council	(378 113)	(74 410)
Irregular expenditure awaiting further action	18 474 751	-

Details of irregular expenditure incurred

(a) During the period from 19 October 2015 to 07 October 2016 an total amount of R74 410 was paid to a supplier, while he was in the service of the state, of which R47 810 was in the 2015/2016 financial year and R26 600 in the 2016/2017 financial year.	-	74 410
(b) Supplier in the service of the state (EPWP Worker)	2 200	-
(c) Electrical services without a contract	60 269	-
(d) Hiring of 8 ablution facilities for the informal settlement, Madiba Park in Greyton	24 307	-
(e) Overpayment of Acting and Rural Allowances	291 337	-
(f) Non-compliance with Preferential Procurement Regulations 2017	836 528	-
(g) Deviations not considered to be impractical or exceptional circumstances	512 618	-
(h) Construction of facility deemed to be out of scope	17 125 605	-
Total	18 852 864	74 410

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

56 MATERIAL LOSSES

56.1 Water distribution losses

Kilo litres disinfected/purified/purchased	4 628 957	5 404 965
Kilo litres sold and free basic services	3 777 463	4 306 382
Kilo litres lost during distribution	851 494	1 098 583
Percentage lost during distribution	18.39%	20.33%

Normal pipe bursts and field leakages are responsible for water losses.

56.2 Electricity distribution losses

Units purchased (Kwh)	60 693 803	60 735 731
Units sold, free basic services and standard friction losses	57 142 219	57 576 698
Units lost during distribution (Kwh)	3 551 584	3 159 033
Percentage lost during distribution	5.85%	5.20%

57 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

57.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	-	-
Expenditure incurred	1 805 529	1 617 708
Payments	(1 805 529)	(1 617 708)
Payments in advance	-	-

57.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	2 608 148	3 355 183
External Audit - Auditor-General	2 608 148	3 355 183
Payments	(2 608 148)	(3 355 183)
Outstanding Balance	-	-

57.3 VAT [MFMA 125 (1)(c)]

Opening balance	(837 573)	1 361 568
Net amount claimed/(declared) during the year	(988 615)	(2 475 390)
Net amount paid during the year	6 616 006	276 249
Outstanding Balance Receivable/(Payable)	4 789 818	(837 573)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

57.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	25 813 917	22 599 299
Payments	(25 813 917)	(22 599 299)
Outstanding Balance	-	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

57 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

57.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	43 176 316	38 207 988
Payments made to pension and medical fund	(43 176 316)	(38 207 988)
Outstanding Balance	-	-

57.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

57.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	3 471 337	16 707 507
Section 36(1)(a)(ii) - Single provider	3 482 540	5 287 945
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical so follow official procurement process	21 091 716	19 446 239
Total	28 045 593	41 441 691

Deviations from Supply Chain Management Regulations can be allocated as follow:

MM Office	103 252	203 618
Corporate Services	2 828 908	4 392 505
Development Services	3 436 699	544 807
Financial Services	3 347 312	7 791 077
Technical Services	10 982 112	19 802 810
Operations	7 347 310	8 706 874
Total	28 045 593	41 441 691

Deviations from Supply Chain Management Regulations were identified on the quotation/tender categories:

Less than R30 000	5 176 074	5 881 562
Between R30 001 and R200 000	7 707 098	7 689 890
Between R200 001 and R2 000 000	9 634 106	9 676 786
More than R2 000 001	5 528 315	18 193 452
Total	28 045 593	41 441 691

58 CAPITAL COMMITMENTS

Approved and contracted for	11 343 906	25 001 513
Infrastructure	11 343 906	25 001 513

This expenditure will be financed from:

External Loans	-	5 976 684
Government Grants	10 780 810	15 185 684
Own Resources	563 096	3 839 145
Total	11 343 906	25 001 513

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

59 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

59.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents	63 900 561	64 323 450
Receivables from exchange transactions	33 606 683	27 672 228
Unpaid Conditional Government Grants	4 625 423	187 475
Long-term Receivables	26 759	5 832 963
Non-current Investments	12 568 806	11 645 067
Total	114 728 232	109 661 183

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be passed due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be passed due.

Also refer to note 3 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits).

The following service receivables are past due, but not impaired:

Electricity	1 040 386	176 710
Water	2 394 542	1 737 052
Refuse	1 058 648	985 350
Sewerage	1 595 280	777 318
Other	1 093 201	118 087
Rates (Statutory Receivable)	2 785 524	3 459 273
Total	9 967 580	7 253 789

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

59 FINANCIAL RISK MANAGEMENT (CONTINUED)

59.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

59.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	63 890 211	64 313 100
Long-term Liabilities (including current portion)	-	-
Net balance exposed	63 890 211	64 313 100

Potential effect of changes in interest rates on surplus and deficit for the year:

1% (2017 - 1%) increase in interest rates	638 902	643 131
0% (2017 - 0%) decrease in interest rates	-	-

South Africa is currently in an upward interest rate cycle and management does not foresee a decrease in the next 12 months.

59.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2018				
Annuity Loans	14 680 101	47 153 240	50 301 426	112 134 766
Stock Loans	1 598 596	8 462 064	18 474 906	28 535 567
Payables from exchange transactions	35 417 424	-	-	35 417 424
Total	51 696 121	55 615 304	68 776 332	176 087 756
30 JUNE 2017				
Annuity Loans	16 084 314	50 552 229	61 582 537	128 219 080
Finance Lease Liabilities	185 400	-	-	185 400
Stock Loans	1 598 362	8 706 078	19 829 488	30 133 929
Payables from exchange transactions	31 877 916	-	-	31 877 916
Total	49 745 992	59 258 307	81 412 025	190 416 325

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

59 FINANCIAL RISK MANAGEMENT (CONTINUED)

59.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The following balance is exposed to price risk:

Non-current Investments - Listed shares	216 096	199 843
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60 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	63 900 561	64 323 450
Receivables from Exchange transactions	33 606 683	27 672 228
Unpaid Conditional Government Grants	4 625 423	187 475
Long-term Receivables	26 759	5 832 963
Total	102 159 425	98 016 116

Financial Liabilities

Payables from exchange transactions	35 417 424	31 877 916
Long-Term Liabilities	87 199 789	95 389 070
Total	122 617 213	127 266 986

61 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Taxes	8 326 291	2 702 895
Receivables from Non-Exchange Transactions	15 273 395	13 271 111
Rates	8 513 188	7 528 069
Fines	6 760 207	5 743 042
Total	23 599 686	15 974 006

The amounts above are disclosed after any provision for impairment has been taken into account.

62 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

63 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 31 were donated to the Municipality.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

<i>Figures in Rand</i>		2018	2017
64	PRIVATE PUBLIC PARTNERSHIPS (PPP's)		
	The Municipality did not enter into any PPP's in the current and prior year.		
65	CONTINGENT LIABILITIES		
	The Municipality were exposed to the following contingent liabilities at year end:		
65.1	Overberg Water	4 132 692	2 950 274
	The Municipality has lodged a dispute in respect of the tariff charged by Overberg Water regarding a capital levy. This dispute has been referred to national Treasury in terms of section 44 of the Municipal Finance Management Act.		
66	FINANCIAL SUSTAINABILITY		
	Management is of the opinion that will Municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.		
	Financial Indicators		
	The current ratio increased to 1.45:1 from 1.41:1 in the prior year.		
	The Municipality have budgeted for a surplus of R28 840 000 for the 2018/2019 financial year and surpluses of R46 659 000 and R36 434 000 for the 2019/2020 and 2020/2021 years respectively.		
	The average debtors collection rate decreased from 85.32% to 83.75%.		
	Cash and Cash Equivalents have increased during the year.		
67	RELATED PARTIES		
67.1	Related Party Loans		
	There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.		
67.2	Compensation of management personnel		
	Remuneration of management personnel are disclosed in notes 37 and 38.		

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

Figures in Rand

2018

2017

67

RELATED PARTIES

67.3 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

	Rates	Service Charges	Other	Outstanding Balance
2018				
<u>Councillors</u>				
Papier K	1 851	10 226	-	-
Arendse JI	476	7 207	-	-
Koegelenberg M	6 375	9 169	-	4 833
November C	2 894	12 348	-	1 187
Tshabe B	4 609	5 457	-	931
Sipunzi U	140	5 363	-	452
Le Roux M	-	3 737	-	-
Mentile AN	-	5 291	-	441
Vosloo CJM	13 139	7 427	-	1 568
Mienies RL	1 505	7 150	-	862
Lampbrecht C	4 834	5 373	-	847
Appel DA	1 023	5 680	-	2 288
Du Toit D	22 793	7 836	-	2 443
Wood C	-	5 351	-	435
Plato-Mentoor M	3 200	6 298	-	825
Potberg SJ	547	10 053	-	5 224
Total	63 386	113 965	-	22 336

Municipal Manager and Section 57 Employees

None

2017

Councillors

Cupido A	188	1 170	-	693
Carelse G	485	1 185	-	882
De Wet P	161	874	-	519
Nellie J	38	575	-	306
Punt C	908	821	-	(2 004)
Appel M	423	880	-	649
Papier K	1 631	11 751	-	1 182
Arendse JI	150	5 968	-	648
Koegelenberg M	5 717	15 997	-	(33)
November C	2 550	13 165	-	1 192
Tshabe B	3 384	4 423	-	752
Sipunzi U	124	5 043	-	413
Voloos CJM	9 648	5 976	-	2 971
Mienies RL	1 105	4 585	-	578
Lampbrecht C	4 127	5 252	-	936
Appel DA	901	3 283	-	6 340
Du Toit D	20 084	7 397	2 718	2 172
Wood C	-	4 105	-	403
Plato-Mentoor M	2 819	4 784	-	722
Total	54 444	97 233	2 718	19 323

Municipal Manager and Section 57 Employees

Isaacs J	Contract expired 01/12/2016	258	1 031	-	518
Total		258	1 031	-	518

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

67 RELATED PARTIES (CONTINUED)

67.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

The following awards were made where immediate family members are in the service of the State:

Company	Relationship	Position of person in service of the state	2018	2017
J & A Electriese Werke	Owner Jandre Wessels is the son-in-law of Francois du Toit	TWK Deputy Director Electrical	-	207 257
TWK TV & Video	Owner Jan Barnard is the son of Jan Barnard, TWK Director Operations	TWK Director Operations	-	28 910
Tano'Vera	Owner Tania Bippert is the domestic partner of Nino Hendrick	TWK Manager IT	348 642	221 589
Villiersdorp Security	Director Leon Vosloo is the spouse of Christina Johanna Maria Vosloo TWK Mayro and the father of Chrisme Vosloo	TWK H.R. Temp	481 990	177 154
Finck Attorneys	Owner Ronald Finck is the spouse Gail Finck	TWK Senior Clerk Clearances	7 500	-
Petrol & Diesel Enjin Sentrum	Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius	TWK Chief Clerk	780 842	782 288
Marshall Armature Winding	Owner Gert Koegelenberg is the spouse of Martie Koegelenberg	TWK Councillor	120 102	96 998
Adenco Construction	Director Victor Machimana is the parent of Helen Machimana; Director Vuyo Machimana is the parent of Busisiwe Skosana and Director Daniel Jackson is the parent of Adele Kassner	Helen Machimana, Department of Welfare Limpopo Social Worker; Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Adele Kassner, Department of Education Teacher	6 166 338	2 982 444
WAM Technology	Director Willem Botes is the spouse of Stella Botes	Department of Education Teacher	62 089	49 370
Masanda Trading CC	Owner Verinica Moos is the parent-in-law of Michelle Thomas	TWK Cashier	81 254	351 984
Aurecon SA - Professional Services	Parent of R Mehlala and Son of G Saaiman	R Mehlala, CFO: Eastern Cape Arts and Culture Council and G Saaiman, Auditor General	96 719	11 231
MH Sullivan t/a Jenspeed Auto Consulting	Owner Mackman Hilton Sullivan is the son-in-law of Marius August	Technical Officer in Grabouw	-	4 553
Safetech	Owner Elizma Goltz is the spouse of Ronald Micheal Goltz	Fireman by the City of Cape Town	24 824	29 640
S'Cees Coffee Shop	Owner Esmaralda Dreyer is the spouse of Neville Dreyer	Health Inspector by Overberg District Municipality	51 183	48 434
Anchwin Technical Work	Owner Angus Klaasen is the spouse of Wylene Klaasen	TWK Clerk	-	26 360
Electricall	Owner Gert Koegelenberg is the spouse of Martie Kogelenberg and owner Janse Norval is the father of Joanle Pretorius	Martie Kogelenberg, TWK Councillor and Joanle Pretorius, TWK Chief Creditors Clerk	-	59 028
Howard General Services	Owner Howard Smith is the brother-in-law of Roland Arendse and the uncle of Verhone Arendse and Haidee Arendse	Roland Arendse, TWK Operations, Genadendal and Verhone Arendse and Haidee Arendse, TWK, Finance	-	82 873
Fairbridges Attorneys	Director Waheeda Shreef is the spouse of Mohammed Jawodeen; Director Adela Petersen is the sister of Shaheed Hofmeester and Director Diane-Maree Rauch is the daughter-in-law of Henk Rauch	Mohammed Jawodeen, Non-Executive Director of the Central Energy Fund; Shaheed Hofmeester, a Teacher and Henk Rauch, Programme Manger at Petrosa.	420 261	350 269

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

67 RELATED PARTIES (CONTINUED)

67.3 Other transactions in terms of Section 45 of the Municipal Supply Chain Regulations.

Company	Relationship	Position of person in service of the state	2018	2017
Die Pienk Bicycle	Owner Dianne Phillips is the mother of Eben Phillips	Director at the Municipality of Knysna	8 250	3 100
ATC Builders	Owner Alfred Patience is the father of Tyrone Patience	IT Clerk at Department of Health	-	59 630
Suid-Kaap Waardeerders	Owner Stephanus de Swardt is the spouse of Anna de Swardt	Professional Nurse at the Provincial Administration of Western Cape	987 960	523 526
River Transport (Pty) Ltd.	Owner Brendall Fullard is the son of Brenda Fullard and brother of Joan-Lee Fullard	Education Department Teacher and TWK Administrator	33 106	-
Maverick Trading 1088	Owner Vuyokazi Machimana is the daughter of Busiswe Skosana	General Nurse at the Department of Health Gauteng	-	107 935
EM Mobile Car Wash and Cleaning Services	Owner Elizabeth Marthinus is the spouse of Charles Martinus and the mother of Quwin Marthinus	Charles Martinus, EMS Services and Quwin Marthinus, Teacher, Western Cape Education Department	-	5 180
Carol-Ann Pedro Contractors	Owner Carol-Ann Pedro is the mother of Wingreen Pedro	TWK Records Clerk	61 369	168 434
NCC Environmental Services (Pty) Ltd	Director Linden Rhode is the spouse of Cahndre Rhode	Clerk at the City of Cape Town	-	18 707
Kemanzi	Director Hazel du Toit is the Spouse of Mr. J. du Toit	Inspector Driver's Licences at the CoCT	230 246	218 241
Forfebs (Pty) Ltd	Director Margaret February is the parent of Stephanie February	Clerk at the Department of Health	-	113 395
S.C. Martin	Owner Stanton Martin is the brother of Annielle Martin	TWK, Senior Administrator	27 170	7 790
Nova Civils (Pty) Ltd	Director Areal Andries is the fiancé of Derrick Appel	TWK Councillor	189 824	114 708
JLA Logistics (Pty) Ltd	Director Janine Cupido is the cousin of Wingreen Pedro	TWK Records Clerk	393 892	246 718
FCR Abrahams	Owner Frank Abrahams is the spouse of Berdine Abrahams	TWK Debtors Clerk	25 761	200 618
Bergstan South Africa	Director Cobin Beukes is the spouse of Jacqueline Beukes	Social Worker	926 744	112 157
Swartland and West Coast Trading	Director Lisle Marcus is the spouse of Heinrich Marcus	Department of Health Admin Clerk	7 200	-
Greyton Repairs	Owner Riaan Groenewald is the spouse of Gail Groenewald	TWK Principle Clerk	3 140	3 950
Sydney Amanzi Management Solutions	Member Sydney Armoed is the father of Eslin Armoed	Knysna Municipality Supervisor	79 883	-
Democratic Packaging	Director Leonard van der Heerden is the spouse of Victoria van der Heerden	Department of Education Teacher	130 587	-
Theunissen Catering and Supplies	Director Verity Theunissen is the mother of Kasandra and Renco Theunissen and the mother of Renco Theunissen	Kasandra Theunissen, Department of Social Development	16 920	-
Conlog (Pty) Ltd	Director Logandhren Moodley is the spouse of Nirvasha Moodley	Department of Health Director	28 556	-
Ikapa Reticulation and Flow	Director Randal Davids is the spouse of Sophia Davids	Department of Education Special Needs Teacher	26 058	-
Reginald du Plessis	Owner Reginald du Plessis is the spouse of Cerhal du Plessis and the son-in-law of Carol du Plessis	Cerhal du Plessis, TWK General Worker; Caroline W	16 500	-
Bosman Smit Pretorius Inc	Owner Marriette Pretorius is the spouse of Gavin Brink	SAPS Police Officer	6 000	-
Total			11 840 912	7 414 474

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2018

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2017	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2018
<u>ANNUITY LOANS</u>							
DBSA BANK - 10 & 20 year	Loan No. 102807/1	10.74%	30/06/2028	7 264 670		(844 446)	6 420 224
DBSA BANK - 10 & 20 year	Loan No. 103108/1	11.44%	30/09/2028	8 000 003	-	(437 610)	7 562 393
ABSA BANK - 11 year	10858/1 (Electricity, Water, Sewerage)	11.14%	31/12/2018	307 404	-	(198 128)	109 276
ABSA BANK - 11 year	10858/2 (Sewerage)	11.14%	31/12/2018	46 997	-	(30 290)	16 707
DBSA BANK - 20 year	13343(Electricity)	16.50%	31/12/2019	69 836	-	(24 669)	45 167
DBSA BANK - 20 year	13705/102 (Electricity)	15.75%	30/06/2020	38 728	-	(11 009)	27 719
DBSA BANK - 20 year	103313.1	9.85%	31/03/2029	18 019 067	-	(838 440)	17 180 627
DBSA BANK - 15 year	103313.2	9.97%	31/03/2024	4 180 400	-	(437 765)	3 742 635
DBSA BANK - 10 year	103313.3	10.00%	31/03/2019	303 349	-	(144 304)	159 045
STANDARD BANK - 7 year	72480009	11.67%	31/07/2017	100 987	-	(100 987)	-
STANDARD BANK - 10 year	72479981	11.72%	31/07/2020	1 455 868	-	(358 586)	1 097 282
DBSA BANK - 20 year	103817/3	11.06%	31/12/2030	9 782 216	-	(339 599)	9 442 617
STANDARD BANK- 15 year	272400572	12.22%	30/06/2026	6 483 900	-	(428 237)	6 055 663
ABSA BANK - 7 year	406885872	10.45%	30/06/2018	570 037	-	(570 037)	-
ABSA BANK - 15 year	40-7908-8994	10.79%	27/06/2027	9 662 653	-	(575 997)	9 086 656
ABSA BANK - 7 year	40-7908-9071	9.42%	27/06/2019	2 973 877	-	(1 418 552)	1 555 326
ABSA BANK - 7 year	8259-8788	8.25%	27/06/2019	132 568	-	(63 606)	68 962
ABSA BANK - 7 year	8259-9091	8.25%	27/06/2019	34 148	-	(16 384)	17 764
ABSA BANK - 7 year	8259-9741	8.25%	27/06/2019	210 675	-	(101 082)	109 593
ABSA BANK - 7 year	387230962	10.09%	21/06/2021	1 961 176	-	(420 494)	1 540 682
ABSA BANK - 10 year	387230963	10.63%	27/06/2024	6 616 885	-	(678 405)	5 938 480
Total Annuity Loans				78 215 444	-	(8 038 627)	70 176 818
<u>FINANCE LEASE LIABILITIES</u>							
30 Laptops	DFA Solutions	23%	30/06/2018	150 655	-	(150 655)	-
Total Finance Lease Liabilities				150 655	-	(150 655)	-
<u>STOCK LOANS</u>							
DBSA BANK - 20 year	Loan No. 102275/4&5	9%	31/03/2027	10 022 971	-	-	10 022 971
DBSA BANK - 20 year	Loan No. 101487/1 Electricity	9%	31/12/2024	6 873 758	-	-	6 873 758
DBSA BANK	Loan No. 101487/4 Admin/Corp/Refuse	10%	31/12/2019	126 242	-	-	126 242
Total Stock Loans				17 022 971	-	-	17 022 971
Total Long-Term Liabilities				95 389 070	-	(8 189 282)	87 199 789

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2018

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	OTHER MOVEMENT R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	77 911 000	(77 911 000)	-	-	-
Finance Management Grant (FMG)	-	1 700 000	(1 700 000)	-	-	-
Municipal Infrastructure Grant (MIG)	1 549 184	26 404 685	(4 096 520)	(22 947 271)	-	910 078
Expanded Public Works Programme (EPWP)	1 822	1 621 000	(1 622 822)	-	-	-
Integrated National Electrification Programme (INEP)	-	3 000 000	(936 456)	(6 688 968)	4 625 423	-
Municipal Drought Relieve (MDR)	-	3 133 780	-	(2 885 764)	-	248 016
Public Works	-	323 190	(23 190)	(154 419)	-	145 581
Total	1 551 006	114 093 655	(86 289 988)	(32 676 422)	4 625 423	1 303 675
PROVINCIAL GOVERNMENT						
Housing	6 537 963	17 074 307	(1 119 466)	(15 321 086)	-	7 171 718
Housing - Title Deeds	-	6 656 000	(240 258)	-	-	6 415 742
CDW Contribution	-	130 000	(84 489)	-	(8 044)	37 467
Thusong Multi Purpose Centre	12 705	582 000	(442 295)	(17 409)	-	135 001
Main Roads Subsidy	31 800	104 813	(85 132)	-	-	51 481
Financial Support Grant	-	680 000	(330 000)	-	-	350 000
Library Subsidy	-	7 718 000	(7 499 090)	-	(26 666)	192 244
Municipal Capacity Building Grant	700 000	240 000	(363 400)	-	-	576 600
Local Government Graduate Internship Allocation	60 000	-	(40 000)	-	-	20 000
Municipal Disaster Recovery (Water Supply Grant)	-	2 700 000	-	(2 130 575)	-	569 425
Total	7 342 468	35 885 120	(10 204 130)	(17 469 070)	(34 710)	15 519 678
OTHER GRANT PROVIDERS						
DBSA Local Economic Development	234 178	-	(234 178)	-	-	-
SETA	-	260 648	(260 648)	-	-	-
SANRAL	-	356 522	-	-	(152 765)	203 757
Economic Development	-	70 175	-	-	-	70 175
Total	234 178	687 345	(494 826)	-	(152 765)	273 932
ALL SPHERES OF GOVERNMENT	9 127 652	150 666 120	(96 988 944)	(50 145 492)	4 437 948	17 097 285

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
Financial Performance						
Property rates	94 232 677	-	94 232 677	98 396 554	4 163 877	85 872 817
Service charges	198 007 253	2 000 000	200 007 253	202 204 928	2 197 675	192 809 663
Investment revenue	5 500 000	310 000	5 810 000	8 157 487	2 347 487	7 323 159
Transfers recognised - operational	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)	95 241 128
Other own revenue	52 344 474	114 006	52 458 480	77 673 117	25 214 637	63 043 344
Total Operating Revenue (excluding capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)	444 290 111
Employee costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)	162 337 336
Remuneration of councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)	9 986 691
Debt impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432	60 300 033
Depreciation and asset impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902	28 836 896
Finance charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)	19 629 044
Bulk purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)	67 125 660
Other materials	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)	27 370 044
Contracted services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)	21 082 635
Transfers and subsidies	110 000	30 000	140 000	2 377 804	2 237 804	2 285 090
Other expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)	40 340 752
Loss on Disposal of PPE	-	-	-	2 358 925	2 358 925	-
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)	439 294 180
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764	4 995 931
Transfers recognised - capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)	38 415 910
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)	147 049
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895	43 558 890
Capital expenditure & funds sources						
Capital expenditure	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
Transfers recognised - capital	61 804 685	11 392 798	73 197 483	46 059 077	(27 138 406)	38 827 860
Public contributions & donations	-	4 470 435	4 470 435	-	(4 470 435)	-
Borrowing	32 244 202	2 256 682	34 500 884	26 260 822	(8 240 062)	-
Internally generated funds	14 887 316	3 228 189	18 115 505	14 894 090	(3 221 415)	24 182 573
Total sources of capital funds	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
Cash flows						
Net cash from (used) operating	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658	76 980 693
Net cash from (used) investing	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971	(62 020 895)
Net cash from (used) financing	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)	(7 078 818)
Net Cash Movement for the year	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724	7 880 980
Cash/cash equivalents at beginning of year	46 489 343	17 834 107	64 323 450	64 323 450	-	56 442 470
Cash/cash equivalents at the year end	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724	64 323 450

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 150 000	143 847	1 293 847	1 152 512	(141 335)	7 019 450
Finance and administration	203 136 598	2 880 692	206 017 290	217 066 870	11 049 580	187 589 499
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	7 323 494	-	7 323 494	8 202 413	878 919	8 331 159
Sport and recreation	41 000	-	41 000	76 631	35 631	(948 562)
Public safety	-	-	-	-	-	353 456
Housing	72 621 000	6 820 483	79 441 483	16 858 419	(62 583 064)	19 234 810
Economic and environmental services						
Planning and development	2 625 000	778 863	3 403 863	3 374 303	(29 560)	5 085 902
Road transport	36 348 480	4 470 435	40 818 915	53 726 010	12 907 095	35 311 695
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	87 441 734	4 500 000	91 941 734	89 649 352	(2 292 382)	85 211 516
Water management	58 459 681	9 533 780	67 993 461	72 699 270	4 705 809	69 464 649
Waste water management	35 599 012	(700 000)	34 899 012	33 936 339	(962 673)	31 702 963
Waste management	36 439 405	(1 000 000)	35 439 405	37 096 159	1 656 754	34 496 485
Other	-	-	-	-	-	-
Total Revenue - Standard	541 185 404	27 428 100	568 613 504	533 838 278	(34 775 226)	482 853 022
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	25 327 574	(4 692 671)	20 634 903	19 171 657	(1 463 246)	17 758 894
Finance and administration	123 129 470	7 660 075	130 789 545	125 269 744	(5 519 801)	111 746 353
Internal audit	2 196 645	-	2 196 645	1 861 602	(335 043)	1 759 292
Community and public safety						
Community and social services	7 220 911	(85 000)	7 135 911	6 664 048	(471 863)	7 732 366
Sport and recreation	9 647 428	(86 217)	9 561 211	8 105 881	(1 455 330)	7 821 783
Public safety	2 968 040	(20 000)	2 948 040	2 605 151	(342 889)	3 028 984
Housing	41 752 817	(12 938 569)	28 814 248	6 457 727	(22 356 521)	12 781 486
Economic and environmental services						
Planning and development	10 258 371	407 317	10 665 688	9 582 490	(1 083 198)	8 529 752
Road transport	74 685 702	20 237 510	94 923 212	91 771 605	(3 151 607)	75 190 518
Environmental Protection	305 243	(15 000)	290 243	182	(290 061)	135
Trading services						
Energy sources	73 345 770	(555 028)	72 790 742	70 727 301	(2 063 441)	69 078 604
Water management	49 669 951	17 519	49 687 470	49 082 507	(604 963)	47 713 750
Waste water management	32 119 048	400 980	32 520 028	31 140 302	(1 379 726)	31 127 083
Waste management	45 956 229	(576 596)	45 379 633	41 984 848	(3 394 785)	45 025 154
Other	247 500	(24 000)	223 500	147 856	(75 644)	-
Total Expenditure - Standard	498 830 699	9 730 320	508 561 019	464 572 901	(43 988 118)	439 294 154
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 377	9 212 892	43 558 868

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Budget and treasury office	175 508 493	1 635 652	177 144 145	189 071 961	11 927 816	191 437 965
Vote 2 - Community and social services	7 323 494	-	7 323 494	8 202 413	878 919	8 331 159
Vote 3 - Corporate services	27 628 105	1 245 040	28 873 145	27 994 909	(878 236)	(3 995 515)
Vote 4 - Electricity	87 441 734	4 500 000	91 941 734	89 649 352	(2 292 382)	85 211 516
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	1 150 000	143 847	1 293 847	1 152 512	(141 335)	7 166 499
Vote 7 - Housing	72 621 000	6 820 483	79 441 483	16 858 419	(62 583 064)	19 234 810
Vote 8 - Planning and development	2 625 000	778 863	3 403 863	3 374 303	(29 560)	5 085 902
Vote 9 - Public safety	30 435 000	-	30 435 000	48 277 576	17 842 576	31 111 344
Vote 10 - Road transport	5 913 480	4 470 435	10 383 915	5 448 434	(4 935 481)	4 553 807
Vote 11 - Sport and recreation	41 000	-	41 000	76 631	35 631	(948 562)
Vote 12 - Waste management	36 439 405	(1 000 000)	35 439 405	37 096 159	1 656 754	34 496 485
Vote 13 - Waste water management	35 599 012	(700 000)	34 899 012	33 936 339	(962 673)	31 702 963
Vote 14 - Water	58 459 681	9 533 780	67 993 461	72 699 270	4 705 809	69 464 649
Total Revenue by Vote	541 185 404	27 428 100	568 613 504	533 838 278	(34 775 226)	482 853 022
EXPENDITURE						
Vote 1 - Budget and treasury office	42 932 736	11 349 452	54 282 188	53 536 764	(745 424)	39 959 179
Vote 2 - Community and social services	7 065 831	(85 000)	6 980 831	6 527 324	(453 507)	7 732 366
Vote 3 - Corporate services	64 766 041	(4 980 709)	59 785 332	54 789 606	(4 995 726)	60 022 533
Vote 4 - Electricity	73 345 770	(555 028)	72 790 742	70 727 301	(2 063 441)	69 078 604
Vote 5 - Environmental protection	305 243	(15 000)	290 243	182	(290 061)	135
Vote 6 - Executive and council	41 352 588	(3 494 319)	37 858 269	35 870 249	(1 988 020)	29 787 539
Vote 7 - Housing	41 752 817	(12 938 569)	28 814 248	6 457 727	(22 356 521)	12 781 486
Vote 8 - Planning and development	12 263 275	476 297	12 739 572	11 973 453	(766 119)	10 025 040
Vote 9 - Public safety	46 486 465	18 146 750	64 633 215	62 942 421	(1 690 794)	47 866 614
Vote 10 - Road transport	31 167 277	2 070 760	33 238 037	31 434 335	(1 803 702)	30 352 888
Vote 11 - Sport and recreation	9 647 428	(86 217)	9 561 211	8 105 881	(1 455 330)	7 821 783
Vote 12 - Waste management	45 956 229	(576 596)	45 379 633	41 984 848	(3 394 785)	45 025 154
Vote 13 - Waste water management	32 119 048	400 980	32 520 028	31 140 302	(1 379 726)	31 127 083
Vote 14 - Water	49 669 951	17 519	49 687 470	49 082 507	(604 963)	47 713 750
Total Expenditure by Vote	498 830 699	9 730 320	508 561 019	464 572 900	(43 988 119)	439 294 154
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 378	9 212 893	43 558 868

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	94 232 677	-	94 232 677	98 396 554	4 163 877	85 872 817
Service charges - electricity revenue	82 544 155	-	82 544 155	80 215 711	(2 328 444)	80 097 564
Service charges - water revenue	55 915 681	3 700 000	59 615 681	64 489 543	4 873 862	59 574 889
Service charges - sanitation revenue	29 771 012	(700 000)	29 071 012	27 552 963	(1 518 049)	25 610 694
Service charges - refuse revenue	29 776 405	(1 000 000)	28 776 405	29 946 711	1 170 306	27 526 516
Rental of facilities and equipment	1 920 000	-	1 920 000	1 842 854	(77 146)	1 657 968
Interest earned - external investments	5 500 000	310 000	5 810 000	8 157 487	2 347 487	7 323 159
Interest earned - outstanding debtors	8 000 000	(1 699 999)	6 300 001	10 339 844	4 039 843	9 868 219
Fines, penalties and forfeits	30 301 000	-	30 301 000	48 988 804	18 687 804	30 974 391
Licences and permits	55 000	-	55 000	31 176	(23 824)	68 467
Agency services	5 798 480	-	5 798 480	5 357 963	(440 518)	5 628 583
Transfers recognised - operating	129 296 316	7 502 661	136 798 977	96 988 944	(39 810 033)	95 241 128
Other revenue	5 769 994	1 814 005	7 583 999	11 112 477	3 528 478	14 548 932
Gains on disposal of PPE	500 000	-	500 000	-	(500 000)	296 784
Total Revenue (excl capital transfers)	479 380 720	9 926 667	489 307 387	483 421 030	(5 886 357)	444 290 111
EXPENDITURE BY TYPE						
Employee related costs	186 962 987	(4 747 468)	182 215 519	181 044 060	(1 171 459)	162 337 336
Remuneration of councillors	11 649 725	(21 978)	11 627 747	11 538 787	(88 960)	9 986 691
Debt impairment	50 265 000	27 100 000	77 365 000	81 973 432	4 608 432	60 300 033
Depreciation & asset impairment	28 301 798	(5 000 000)	23 301 798	24 121 700	819 902	28 836 896
Finance charges	20 105 251	-	20 105 251	19 009 684	(1 095 567)	19 629 044
Bulk purchases	68 205 658	-	68 205 658	67 091 482	(1 114 176)	67 125 660
Other Materials	54 531 624	(21 947 954)	32 583 670	20 647 338	(11 936 333)	27 370 044
Contracted Services	37 129 838	12 275 406	49 405 244	23 686 752	(25 718 492)	21 082 635
Transfers and grants	110 000	30 000	140 000	2 377 804	2 237 804	2 285 090
Other expenditure	41 568 818	2 042 314	43 611 132	30 722 932	(12 888 200)	40 340 752
Loss on disposal of PPE	-	-	-	2 358 925	2 358 925	-
Total Expenditure	498 830 699	9 730 320	508 561 019	464 572 898	(43 988 121)	439 294 180
Surplus/(Deficit)	(19 449 979)	196 347	(19 253 632)	18 848 132	38 101 764	4 995 931
Transfers recognised - capital	61 804 684	13 030 998	74 835 682	50 145 492	(24 690 190)	38 415 910
Contributed Assets	-	4 470 435	4 470 435	271 756	(4 198 679)	147 049
Surplus/(Deficit) for the year	42 354 705	17 697 780	60 052 485	69 265 380	9 212 895	43 558 890

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE						
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Budget and treasury office	-	-	-	-	-	-
Vote 2 - Community and social services	-	-	-	-	-	504 478
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	3 450 000	390 000	3 840 000	3 642 453	(197 547)	-
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	11 394 579
Vote 8 - Planning and development	-	-	-	-	-	-
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	9 193 692	699 885	9 893 577	9 880 759	(12 818)	194 955
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	-	-	-	-	-	1 029 569
Vote 13 - Waste water management	17 032 192	-	17 032 192	10 889 508	(6 142 684)	4 365 914
Vote 14 - Water	3 326 315	715 223	4 041 538	4 030 880	(10 658)	219 300
Total Multi-year expenditure	33 002 199	1 805 108	34 807 307	28 443 601	(6 363 706)	17 708 795
Single-year expenditure						
Vote 1 - Budget and treasury office	42 300	-	42 300	18 897	(23 403)	856 843
Vote 2 - Community and social services	400 877	275 892	676 769	421 142	(255 627)	160 919
Vote 3 - Corporate services	5 006 257	888 000	5 894 257	5 044 856	(849 401)	-
Vote 4 - Electricity	10 559 000	758 000	11 317 000	10 540 098	(776 902)	11 519 997
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	1 813 200	186 500	1 999 700	1 224 201	(775 499)	2 938 922
Vote 7 - Housing	36 381 001	1 379 002	37 760 003	14 937 454	(22 822 549)	-
Vote 8 - Planning and development	-	35 000	35 000	17 408	(17 592)	-
Vote 9 - Public safety	1 084 000	610 000	1 694 000	400 767	(1 293 233)	75 158
Vote 10 - Road transport	626 316	4 527 835	5 154 151	583 872	(4 570 279)	500 687
Vote 11 - Sport and recreation	1 600 000	(496 816)	1 103 184	984 866	(118 318)	1 345 804
Vote 12 - Waste management	4 517 544	(1 857 285)	2 660 259	1 290 895	(1 369 364)	1 869 870
Vote 13 - Waste water management	-	2 273 004	2 273 004	1 818 282	(454 722)	16 870 333
Vote 14 - Water	13 903 509	10 963 864	24 867 373	21 487 648	(3 379 725)	9 163 105
Total Single-year expenditure	75 934 004	19 542 996	95 477 000	58 770 389	(36 706 611)	45 301 638
Total Capital Expenditure by Vote	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	-	-	-	-	1 524 389
Finance and administration	6 861 757	1 074 500	7 936 257	6 287 955	(1 648 302)	2 271 375
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	400 877	275 892	676 769	421 142	(255 627)	665 397
Sport and recreation	1 600 000	(496 816)	1 103 184	984 866	(118 318)	1 345 804
Public safety	-	-	-	-	-	75 158
Housing	36 381 001	1 379 002	37 760 003	14 937 454	(22 822 549)	11 394 579
Economic and environmental services						
Planning and development	-	35 000	35 000	17 408	(17 592)	-
Road transport	10 904 008	5 837 720	16 741 728	10 865 399	(5 876 329)	695 642
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	14 009 000	1 148 000	15 157 000	14 182 552	(974 448)	11 519 997
Water management	17 229 824	11 679 087	28 908 911	25 518 528	(3 390 383)	9 382 405
Waste water management	17 032 192	2 273 004	19 305 196	12 707 790	(6 597 406)	21 236 247
Waste management	4 517 544	(1 857 285)	2 660 259	1 290 895	(1 369 364)	2 899 439
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	25 423 684	7 278 796	32 702 480	28 973 640	(3 728 840)	25 981 560
Provincial Government	36 381 001	4 114 002	40 495 003	17 085 438	(23 409 565)	11 404 707
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	1 441 593
Transfers recognised - capital	61 804 685	11 392 798	73 197 483	46 059 077	(27 138 406)	38 827 860
Public contributions & donations	-	4 470 435	4 470 435	-	(4 470 435)	-
Borrowing	32 244 202	2 256 682	34 500 884	26 260 822	(8 240 062)	-
Internally generated funds	14 887 316	3 228 189	18 115 505	14 894 090	(3 221 415)	24 182 573
Total Capital Funding	108 936 203	21 348 104	130 284 307	87 213 990	(43 070 317)	63 010 433

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2018

	ORIGINAL BUDGET 2018 R	BUDGET ADJUSTMENTS 2018 R	FINAL BUDGET 2018 R	ACTUAL OUTCOME 2018 R	BUDGET VARIANCE 2018 R	RESTATED OUTCOME 2017 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	84 809 410	(3 214 013)	81 595 396	93 424 697	11 829 300	79 639 759
Service charges	178 206 527	(5 021 687)	173 184 840	166 984 974	(6 199 866)	166 551 831
Other revenue	20 209 694	(188 180)	20 021 514	18 444 033	(1 577 481)	30 544 184
Government - operating	129 296 316	(361 480)	128 934 836	100 520 628	(28 414 208)	98 975 954
Government - capital	61 804 684	16 518 215	78 322 899	50 145 492	(28 177 407)	38 415 910
Interest	9 500 000	1 765 125	11 265 125	8 157 487	(3 107 638)	7 323 159
Payments						
Suppliers and employees	(393 453 847)	(6 644 233)	(400 098 080)	(330 388 585)	69 709 496	(331 849 125)
Finance charges	(10 526 535)	-	(10 526 535)	(9 576 269)	950 266	(10 335 889)
Transfers and grants	(110 000)	(30 000)	(140 000)	(2 377 804)	(2 237 804)	(2 285 090)
NET CASH FROM OPERATING ACTIVITIES	79 736 248	2 823 746	82 559 994	95 334 652	12 774 658	76 980 693
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	500 000	-	500 000	295 000	(205 000)	1 908 478
Decrease (increase) other non-current receivables	1 321	40	1 361	-	(925 100)	-
Decrease (increase) in non-current investments	-	-	-	(923 739)	-	(918 940)
Payments						
Capital assets	(108 936 201)	(21 348 104)	(130 284 305)	(86 942 234)	43 342 071	(63 010 433)
NET CASH USED IN INVESTING ACTIVITIES	(108 434 880)	(21 348 064)	(129 782 944)	(87 570 973)	42 211 971	(62 020 895)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	32 244 201	(212 449)	32 031 752	-	(32 031 752)	-
Increase (decrease) in consumer deposits	273 317	(149 483)	123 834	2 714	(121 120)	407 331
Payments						
Repayment of borrowing	(8 101 560)	456 311	(7 645 249)	(8 189 282)	(544 032)	(7 486 149)
NET CASH FROM FINANCING ACTIVITIES	24 415 958	94 379	24 510 337	(8 186 568)	(32 696 905)	(7 078 818)
NET INCREASE/ (DECREASE) IN CASH HELD	(4 282 674)	(18 429 939)	(22 712 613)	(422 889)	22 289 724	7 880 980
Cash/cash equivalents at the year begin:	46 489 343	17 834 107	64 323 450	64 323 450	-	56 442 470
Cash/cash equivalents at the year end:	42 206 669	(595 832)	41 610 837	63 900 561	22 289 724	64 323 450